# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Beirut siege camp rescue

The International Red Cross began evacuation yesterday of the wounded from the beleaguered Palestinian camp of Tal Zaatar, on the outskirts of Beirut.

Under an agreement arranged by the Arab League's special envoy, Dr. Hassan Sabry al Kholy, with leaders of the main Right-wing groups, a local ceasefire enabled a Red Cross team to enter the camp.

Four previous evacuation attempts failed because of fighting round the camp, which has been under siege by Right-wing forces for the past 44 days. The Red Cross estimated the number of wounded at 1,000 of whom 600 were said to have suffered serious injuries. Page 5

### Briton missing in Uganda seen by friend

One of two Britons missing in Uganda has been released by authorities and is well, it is reported. Mr. Jack Tulley, 65, said to have been arrested last week on spy charges, was seen alive and well in Kampala by a close friend. Page 5

### Drug-smuggling ring smashed

Scotland Yard is convinced that it has smashed a drug-smuggling ring in Britain run by Chinese. Police raiding premises in London's Soho seized 3 lbs of pure heroin valued at £400,000 on the open market.

### Betting duty up

Revenue from betting duty increased sharply in the second quarter of this year. In June, general betting duty provisionally reached £15.3m., compared with £12.7m. in June last year. Compared with the second quarter of last year, revenue in the second quarter of this year increased from £15.6m. in April, £14m. in May and £15.3m. in June. Page 8

### Training call

A national programme for training social workers should be a major priority, says a report by the Department of Health and Social Security. Page 7

### VAT protest

Merchants in the Israeli-occupied West Bank are on strike in protest against the imposition of VAT.

### Not the custom

Customs men at Heathrow were annoyed yesterday by an order that Princess Anne, returning from the Montreal Olympics, should be treated as any other passenger—but she must not be stopped for her passport. She went through ordinary passenger controls and was not stopped.

### Briefly . . .

Officials at the Russian Embassy in London were warned about breaking the ban on the use of garden hoses after someone saw them sprinkling gardens.

Fritz Lang, one of the great directors in film history, died in Los Angeles, aged 85.

A Welsh poet who brought off the "double" three years ago by winning the chair and crown at the National Eisteddfod of Wales, won the crown again. Mr. Alan Llwyde, aged 28, is head of the Welsh manuscripts department of a publishing house in Swansea.

A Cypriot has been charged with assaulting Mr. Bulent Ecevit, a former Turkish Prime Minister, with a loaded gun as he left his hotel in New York.

U.S. Secretary of State, Dr. Henry Kissinger, arrives in London tonight on the first stage of a trip which will take him to Afghanistan, Iran, Pakistan, France and Holland. He will meet Mr. James Callaghan. Page 4

Grants for Chiswick Women's Aid, the group which pioneered refuges for battered wives, are to be phased out, the Health Department said.

### BUSINESS

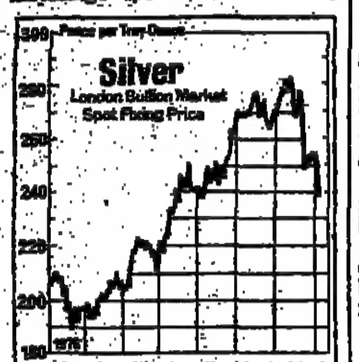
## Sterling firm; equities up 1.3

● STERLING and the dollar improved against most other major currencies in quiet trading. The pound closed unchanged against the dollar at \$1.7885. Its trade-weighted depreciation narrowed to 38.7 (38.8) per cent., while the dollar's narrowed to 2.03 (2.17) per cent.

● EQUITIES continued to recover on scattered demand. FT 30-Share index closed below the day's peak at 368.4, up 1.3. Borthwick, making its trading debut, closed at 69p, 11p below the issue price.

● GILTS made some late progress on talk of a possible easing of tight money market conditions.

● METAL prices dropped sharply on the London Metal Exchange for the second day




in a row. The spot bullion price for silver was 12.1p lower at 238p an ounce, the lowest since early May. Page 21

● GOLD rose 25 cents to \$112.125.

● WALL STREET rose 8.07 to 990.33.

## Borrowing lifts U.K. reserves

● U.K. OFFICIAL RESERVES rose by \$58m. last month, after foreign currency borrowings of \$326m. by the public sector. No drawings were made on the \$5.3bn. central bank standby credits. Back Page

● McDONNELL DOUGLAS of the U.S. will given U.K. industry work which would provide thousands of jobs, if British Airways buys its long-range tri-jets. Page 8

● U.S. ELECTRONICS company, Kratos, has reached an advanced stage in negotiations to buy GEC's subsidiary, AEI Scientific Apparatus, whose future has been uncertain. Back Page

● STATE HELP is being sought by Sea Containers in its bid to carry out a ship transfer agreement with the ailing Maritime Fruit Carriers. Page 8

● OIL COMPANIES have revised their conditions for leasing and licensing petrol stations after pressure from retailers. Page 8

● CONSUMER COUNCIL has put forward proposals to increase the influence of consumers on nationalised industries, particularly on their prices. Back Page and Page 13, Management Page

### COMPANIES

● HOGG ROBINSON made higher pre-tax profit of £5.93m. (£4.68m.) in the year to March 31 and is making a one-for-eight right issue at 118p to raise £3m. Page 17 and Lex

● LETRASET more than doubled pre-tax profit to a record £4.34m. (£2.03m.) in the year to April 30. Page 16

● MEPC has arranged to borrow \$38m. in the Euromarket to complete the funding of its Exchange Centre office development in Sydney, Australia. Page 8

● BRITISH AND COMMONWEALTH Shipping is quitting the package tour usiness after making substantial losses. Talks are being held on the possible integration of Castle Holidays with another tour operator. Back Page

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Treasury 9pc 1978 | £96¾ | + ⅛ |
| Aust. and NZ Banking | 475 | + 8 |
| ...l Inds. | 125 | + 5 |
| ...gh (A.) | 53 | + 6 |
| ...h | 106 | + 4 |
| General Accident | 151 | + 5 |
| Guardian Royal Ex. | 182 | + 5 |
| Hogg Robinson | 153 | + 7 |
| Letraset | 74 | + 4 |
| Morgan Grampian | 86 | + 6 |
| ... West. "New" | 21* | + 4 |
| ...al Sovereign | 82 | + 4 |
| Sun Alliance | 295 | + 12 |
| Warren (J.) | 72 | + 6 |
| Weyburn Eng. | 350 | + 12 |
| Windsor and Newton | 77 | + 4 |
| BH South | 220 | + 5 |

FALLS

| | | |
|---|---|---|
| Abercom | 133 | − 7 |
| M and G Hldgs. | 82 | − 11 |
| Siebens (U.K.) | 150 | − 20 |
| Free State Saaiplaas | 98 | − 7 |
| Gold Fields SA | 975 | − 50 |
| Hartebeest | 800 | − 80 |
| Messina | 205 | − 10 |
| Unisel | 80 | − 5 |

* Premium

# Worst is over, but best is still long way off, says CBI

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

**"The worst may be over for manufacturing industry but the best is still a long way off," according to the latest Confederation of British Industry Industrial Trends survey.**

Recovery by manufacturing industry from the depths of the recession is still not very far advanced and there is evidence that the initial pace may slacken, Mr. A. Campbell Fraser, the CBI's economic situation committee chairman, said.

The difference between the present upturn and those in the past was that it was export-led. It was not being accompanied by any boom in consumer spending. "So we are not taking off as before—and it is right that we should not."

Like the Chancellor of the Exchequer, the CBI finds the recent OECD forecast about the U.K.'s annual growth rate pessimistic.

## Spending

It supports Mr. Healey's view that the annual growth rate in Gross Domestic Product will be 5 per cent. in the first half of 1977. The OECD forecast a 3½ per cent. rate of growth.

According to hte confederation, both manufacturing output and GDP are expected to increase faster than productive capacity in the next 12 months, "bringing a cut in unused resources."

Consumer spending would increase by only 1 per cent. between last year and this, with much the same growth next year.

In the comparable years of the previous cycle—in 1972 and 1973—the volume of consumption rose by 6 per cent. and nearly 5 per cent. respectively.

The slow increase in consumption would be a favourable factor, allowing resources to be devoted to exports and investment.

The trends survey, based on returns from 1,883 companies accounting for about half the U.K.'s manufactured exports and more than 3m. employees, showed that below-capacity working continues for nearly three-quarters of manufacturing industry.

Shortages of orders or sales were likely to limit production for a similar proportion over the coming months.

"Even now, several months into the cyclical upswing, the level of capacity utilisation appears no better than was experienced at the trough of recent and milder recessions."

There were, however, a number of encouraging signs in the survey. Trends in exports were very favourable, with optimism about prospects supported by encouraging movements in the value of new export orders and deliveries.

The period of rapid reduction in numbers employed and in stocks had ended. Manufacturing investment was now probably beginning to increase again, and could rise quite rapidly through next year.

The confederation has been particularly successful with its investment forecasts, and now expects the volume of investment to be between 10 and 15 per cent. higher in the 12 months ending September next year than in the previous year.

The increase between the fourth quarters of this year and next could be higher than this, about 20 to 25 per cent.

## Considerable

"We believe that by the end of 1977 manufacturing investment could have regained its average 1970 levels.

"When considered against the present levels to which companies have been forced to reduce capital spending, it represents a very considerable increase—and a very considerable act of faith."

The survey had been completed one day before the latest public expenditure cuts and the increase in employers' national insurance contributions were known.

The effects of these should not be exaggerated, but should not be ignored, said Mr. John Methven, director-general.

Details, Page 9

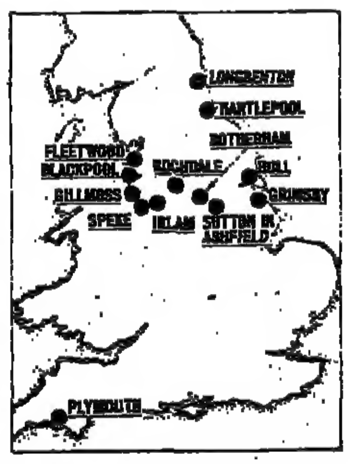
# £24m. aid for teenagers in employment package

BY CHRISTIAN TYLER, LABOUR STAFF

A SCHEME under which the State would pay the "wages" of unemployed young people taken on temporarily by employers was announced yesterday as part of a £24.4m. package of short-term measures designed to give work or training to about 60,000 teenagers.

Mr. Albert Booth, Employment Secretary, explaining the plans to the Commons yesterday, said school-leavers—of whom there are more than 200,000 unemployed—would be "well-advised" to stay in the education system if they had not yet lined up a job.

The Government also announced yesterday a £2.9m. addition to the advance factory programme which will add about 900 jobs in the regions. Nineteen factories will be built.




Sites for new factories

The latest set of employment measures—more than £400m. has been allocated for job creation, protection and training since April last year—would have been bigger but for unresolved arguments in the Cabinet about another novel scheme.

This is a "job-swap" idea for encouraging people near retirement to give up their jobs in return for an allowance until they reach pensionable age so that younger people can step in.

Mr. Booth said there were "substantial difficulties." He would report back after further talks with the TUC and the CBI.

Yesterday the CBI welcomed the so-called "work experience" scheme (that for which the Government would pay the wages) and said it would encourage employers to make use of it.

But Mr. James Prior, Opposition spokesman on employment, said in the Commons that short-term plans were not enough. There were probably 500,000 people under 20 who were out of work.

Mr. Booth said unemployment should start to decline later this year, but the level among young people was so high that transitional relief was "socially and economically necessary."

Three measures were announced yesterday. The first is "work experience," details of which have still to be worked out by the Manpower Services Commission and which is designed for the unemployed between 16 and 18.

About 30,000 are expected to benefit from a six-month taste

Continued on Back Page

# Protection plan for depositors

BY MICHAEL BLANDEN

SPECIAL PROTECTION is to be offered to small depositors in new legislation designed to prevent any repetition of the fringe bank crisis which hit the U.K. in 1974.

Proposals for a mandatory deposit protection fund set out yesterday attracted immediate criticism from the big clearing banks. They said that the scheme would operate against their interests and should not be necessary. It might also damage foreign confidence in the British financial system—a point on which they are expected to express their strong reservations to the Government.

The plans for deposit insurance form a central part of proposals for a fundamental reform of the system of controlling and supervising banks and other deposit-taking institutions in the U.K.

The proposals were put forward in a White Paper and with this major exception received a general welcome from the big banks.

Legislation to be based on the White Paper would introduce for the first time in this country a general system of licensing for all deposit-taking institutions, with the Bank of England acting as the central supervisory authority.

It would establish for the first time a general definition of a bank and limit the use of that name and its derivatives.

The weakness of the controls in this area was one of the reasons for the public uncertainty over the status of deposit taking institutions which contributed to the fringe bank crisis.

The new rules are designed to overcome the defects in the supervisory system which were demonstrated by the fringe bank collapses, bringing all the institutions concerned under unified and extended control.

At the same time, they are expected to bring the U.K. into line with expected EEC regulations. The White Paper says: "The Government are confident that the changes will both provide greater protection for depositors and strengthen the financial system generally."

The changes are likely to affect more than 300 banks and the total number of institutions covered could be as high as 2,000, bringing in a considerable number of small organisations which at present are outside the scope of official controls.

Under the new system, institutions will be allowed to take deposits only if they hold a licence granted by the Bank, unless they are recognised as a bank under separate new arrangements or covered by certain general exclusions. The proposals provide for a two-tier system—recognised banks and licensed deposit taking institutions.

To get and keep a licence, institutions will have to meet certain general conditions which will be laid down by legislation and published prudential criteria to be determined by the Bank with the Treasury's agreement.

Companies will have to meet a minimum figure of capital and reserves—which will be set at a level balancing the need to proprovide assurance with that of avoiding too great a deterrent to new entrants—and satisfy the

Continued on Back Page

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# Laws on hired soldiers 'outdated'

BY REGINALD DALE

THE Government should clamp down on the recruitment of mercenaries in Britain if it thought such activity was endangering international relations. Individual mercenaries, however, should not be prevented from enlisting abroad in foreign armies.

These are the two principal conclusions of the Diplock Committee's Report on the Recruitment of Mercenaries, published yesterday.

The committee, headed by Lord Diplock and with Sir Geoffrey de Freitas, Labour MP for Kettering, and Sir Derek Walker-Smith, Conservative MP for Hereford East, as members, was set up in February, when public anxiety over the involvement of British mercenaries in Angola was at its height.

It found existing legislation embodied in the Foreign Enlistment Act, 1870, to be out of date and unenforceable and called for its repeal.

The report says that it is impracticable to legislate on the activities of mercenaries outside the U.K. and that to serve as a mercenary is not an offence in international law.

It recommends that, under any new legislation, enlistment as a mercenary by a U.K. citizen should cease to be a criminal offence and service as a mercenary should not be made an offence.

## Hazardous

The Government should not try to stop mercenaries leaving the country in their own interest, the committee says. "If a man chooses to embark on an enterprise that is hazardous to himself, we do not think that the State is for that reason alone, entitled to stop him doing so."

New legislation should concentrate on the activities of recruiters of mercenaries in the U.K., on the grounds that an active recruitment campaign could damage the Government's international relations.

It should be left to the Government to decide when this was so and to propose Parliamentary resolutions banning recruitment for specific campaigns or areas.

It would not be possible in practice to distinguish between those who volunteered for idealistic reasons and professional freelance fighters.

The immediate reaction among British mercenaries was that the proposals would simply drive recruitment-operations underground or out of the country.

Editorial Comment, Page 14

# More powers proposed for Scotland

BY PETER HENNESSY, LOBBY CORRESPONDENT

THE GOVERNMENT yesterday announced additional powers in the field of Scottish private law and the administration of Scottish courts to be granted to an assembly in Edinburgh under its devolution proposals.

In the last of a series of White Papers before the Devolution Bill is presented to Parliament at the start of the next session, the Government confirmed that Acts of the new Assembly will be subject to review by the Judicial Committee of the Privy Council before receiving Royal Assent.

Once that assent has been granted, individuals will be allowed to challenge the propriety of an Act, on the basis of the powers devolved from Westminster, in the Scottish courts.

The Government has gone back on its original intention of reserving the right to take back devolved functions once they have been granted.

Mr. Michael Foot, Lord President, announcing the measures to the Commons, said that Ministers had also decided to drop the idea of a rates surcharge by which the Edinburgh and Cardiff Assemblies could have raised additional revenue over the block grants provided by the Treasury.

## Structure

The Government is keeping an open mind on revenue powers. In recent months, Ministers have sought unsuccessfully to find effective ways of granting such powers to the Assemblies including a sales tax, which was found to be illegal under EEC regulations, and an income-tax supplement which was judged too expensive to administer.

Should the Government adopt a new system of local Government finance, such as the local income-tax proposed by the Layfield Committee, revenue powers could be granted to the Assemblies by subsequent legislation once the Devolution Bill is law.

Among other matters resolved by yesterday's White Paper was the future of the Scottish and Welsh universities. They will remain part of the U.K. system, although the university grants committee will be reorganised to provide a stronger voice for Scotland and Wales.

Under the Government's latest proposals, the constituencies of the Edinburgh and Cardiff Assemblies will return at least two members each. The size of the Scottish Assembly will be increased thereby from 138 members to 150, and the Welsh Assembly 75 to 80.

The Scottish Assembly was granted the right yesterday to regulate the Scottish teaching and legal professions.

The Welsh Assembly, though not possessing legislative power, will have the right to make recommendations to the Government on the future structure of Welsh local government.

While devolving responsibility for the Scottish courts, the Government will reserve the right to appoint Scottish Supreme Court judges and sheriffs and to determine the structure of their courts.

Scottish private law, though now a devolved function will not be allowed to damage the unity of the U.K. in matters such as trade, consumer protection and industrial relations.

## Decisions

It has yet to be decided whether all Assembly Bills will go to the Privy Council at pre-assent stage, or only those requested by the Secretary for Scotland or the Scottish Executive.

To which courts appeal can be made after assent has been granted remains open, but the right will probably be restricted to the Scottish Court of Appeal.

The White Paper also incorporated decisions announced by Mr. Foot in May devolving increased powers to the Assemblies over the Scottish and Welsh development agencies and dropping the proposed powers for the Secretary of State for Scotland to appoint the Scottish executive and determine the propriety of assembly Acts.

Mr. Foot told the Commons that a consultative document on devolution to the English regions would be published in the autumn. He faced criticism from the Labour benches, but ruled out repeated demands for a referendum on devolution.

In spite of increasingly vociferous opposition from both sides of the House, Ministers responsible for devolution remained confident that the Bill will receive a second reading.

They expect that about 15 Labour MPs will vote against it come what may, with another 15 or so abstaining.

With the help of the Liberals, the Nationalists, the Ulster Unionists and a handful of dissident Tories, they foresee a chance of winning the day, especially if the Labour Party conference and the TUC can be persuaded to back the devolution policy.

Mr. Foot emphasised in the Commons yesterday that in no circumstances would the Government renege on its manifesto pledges on devolution.

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### FEATURES



### ON OTHER PAGES



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LOMBARD

# A strange noise in Tothill St.

BY ANTHONY HARRIS

COLLEAGUES WHO were present at the CBI Press briefing in Tothill Street yesterday morning (Tuesday) report a strange whirring noise—the unaccustomed and impressive sound of a great organisation back-pedalling. Last week's pettishness about investment is now very properly regretted—it could hardly be otherwise, in face of a CBI survey showing that investment is picking up, even in the absence of encouraging letters bearing a noble signature. What it now seems the CBI feels unable to do is not so much to instruct its members to invest as to initiate an industrial chorus (with Wagnerian accompaniment on anvils) of "For They Are Jolly Good Fellows"—in other words, to greet Mr. Callaghan as the best Conservative Prime Minister we've got. Tries hard at times, but his work could be more consistent is now the report.

If this is indeed what was contemplated, then the Prime Minister may well feel a certain private relief that it has not come off. Equality of misery has always been the British way of tackling an economic crisis, and protests from the CBI harmonise quite appropriately with those from the Left and the public sector unions. However, even in its new form I find it hard to take the CBI's intentions or its protests very seriously, as my language may have suggested; and the whole affair is not only silly, but potentially worrying. The CBI worries about whether its Council trusts the Government; it forgets to worry about who trusts the CBI.

## Hard to accept

This question may well generate a certain amount of heat at to-day's meeting of the NEDO council; but that is nothing to the heat that is likely to be generated in the months to come. My own nose was coincidentally rubbed in the problem yesterday when I had the pleasure of spending the morning arguing with the officials of a major civil service union. Although their members were the victims, they said, they could accept that there was a case to be made for cutting public expenditure for the time being; but they found it very hard to accept the case put up by Mr. Callaghan and Mr. Healey. It was all very well to talk about making resources available for industrial investment; but who was to guarantee that they would actually be used for investment, and if they were not, were we not simply pursuing a policy of high unemployment?

This distrust of industry—a firm belief, most vocal among those who had worked in departments actually dealing with industry—that British management is over-cautious, demoralised and greedy is central to a great deal of trade union thinking. It lies behind TUC impatience to see more planning agreements, and pressure of various kinds for more worker consultation and participation. But these are essentially long-term issues: and so indeed is the scepticisms of the public-service unions, who simply have not the muscle to prevent cuts in public spending whether they believe it is helpful to the economy or not. What is likely to make it into a pressing short-term issue is the very sharp rise in gross trading profits which Lord Watkinson says is needed, and which every broker's circular I receive forecasts with growing confidence and in ever-larger numbers. Up to now the CBI and the Government have largely succeeded in convincing the unions that higher profits are the necessary source of any rise in investment; but they have failed in the more positive task of convincing them that higher profits will in fact be invested.

## Good intentions

There is not much time to succeed in this task, because it is likely to be a central theme in the coming negotiations for a third and looser phase of incomes restraint—restraint which has the effect and indeed, according to the OECD, the purpose of restoring profit margins. I know that Lord Watkinson has appreciated this problem: his investment initiative, his public willingness to discuss industry-by-industry planning agreements (though not firm-by-firm agreements) are his initial attempts to meet the doubts of trade unionists. These moves show understanding and good intentions, but industrialists should also be thinking of higher bids, through earmarked investment funds, or perhaps through the capitalisation of part of their retentions (a German-style workers' investment fund) to make any guarantees they can offer more credible and more palatable. It may well come to that, or finding their profits up for grabs again as incomes restraint collapses yet again.

GARDENS TO-DAY

BY ROBIN LANE FOX

# Flowers to plant for a longer season

RECENT MONTHS have not been suited to my continuing searches for plants which flower for a long season. The heat has merely convinced me of a need for them. In this dry weather, almost anything drops its petals quickly. I am yearly less inclined to spend ever larger sums on new border plants whose flowers last only for a fortnight. Catalogues often estimate a flower's season, but I would not trust most of them any more than one trusts the judges of those poor Olympic gymnasts. Of course, the nurserymen are appealing to gardeners whose local climates vary, and I know that polyanthus have a habit of flowering occasionally through the year. But I do not believe that aquilegias flower from May till August or anchusas from June till early September. I confine my examples to the 'A's in the nearest list.

## Best value

None-the-less, there are surprises if you know which variety to choose. *Aster Frikartii* is one of them, and I would not now be without this pale lavender-blue single Michaelmas Daisy which tends to flower from early July to late September. It must be the best value in the Michaelmas Daisy list and if you do not trust me, either, you can see it in a long border at Sissinghurst Castle, the gem of National Trust gardens in Kent, where it is most notable. It can be divided easily, so I do not buy more than two or three plants. I will not say that it is so spectacular or so wholly autumnal as a more heavily petalled variety, the blue Eventide, or the dark Royal Ruby. But it is clearly coloured and lasts longer than any of its family.

I do not think that even this aster has a longer season than the perennial blue flax, a plant which is so easily raised from seed that you need not waste money on mature stock. The sunshine has shown this lovely flower as it should be seen: fully open, as blue as the sky and surrounded by hundreds of other rounded flowers in clumps which may well continue in flower from June till early September. The yellow flaxes can be as persistent, but I have come to think their colour too hard to be placed pleasantly. The thin, waving stems of their blue relations are in place anywhere, and I do not think their colour is surpassed by a Gentian. Why have we forgotten it lately? I see it seldom, but it will grow in any sunny soil and is particularly able to enjoy a light, thirsty sand.

Dead-heading widens the field, for there is no doubt that the removal of dead flowers before they have seeded is more than a pleasant way of passing a bad afternoon. If you grow annuals be persistent in this task. As soon as they have set seed, they will die. I happen to have grown some bright South African daisies during a summer which is so suited to their tastes. They have already flowered twice and are preparing for their third attempt. If I can remove all possible seed-heads, they will have to go on trying to set seed until October. Bedding plants, we all complain, are extremely expensive nowadays. But few of those who have complained take the trouble to cut the dead heads off the first show of flowers and thus double the value of what they have bought.

These tricks are not to my purpose, useful though they are. I am merely puzzled why some varieties of one and the same border plant will flower for twice as long as others. Consider the bleeding heart, or dicentra a charming plant for a shaded site in April and early May. Why does its vigorous white form, *Dicentra Eximia Alba*, flower as persistently as any border plant I can name, not just in early spring season but a span from May until September? It is tough, easily divided and although it is not spectacular it is more interesting than its brighter red relations for a longer time.

The wild geraniums are equally unpredictable. These popular plants tend to flower well for a fortnight and then return to a tedious clump of leaves. If you like the chilling pink flowers of the one called *Endressii*, you will not find a stronger or better cover for dry ground under trees. Unfortunately, I cannot make myself like it, though its flowers appear from June till late September. I prefer two blue-flowered varieties, more lavender-blue than true blue, which must be the best value in the family: Buxtons Blue trails its stems for a foot's length or more and is coming into its own now, flowering strongly through until October when its leaves colour brightly. Wlassovianum is a bit bigger and its flowers do not have the same pretty white centres. If you can pronounce it you are advised to ask for it. Otherwise, on a smaller scale, I must put in a word for a six-inch-high variety called Russell Prichard which has near-magenta flowers from June till September and does not spread too rapidly. If I had a dry wall or a bed in which I wanted bright alpines, I would consider this excellent value.

Pink is a variable colour, and you may not like mauve-pink any more than magenta. But the tall tree mallows, either the one called *Malva Alcea Fastigiata* or the larger *Lavatera Olbia Rosea* is a plant with such a long season that I include it in any garden. There was a time when its hardiness was doubted, especially the hardiness of the shrubby *Lavatera*. As long as you do not cut it down in autumn but leave its top growth through the winter, you are likely to keep it safe. Cuttings root very easily, and it is wise to keep a few spares for the years when we have a proper winter again. Otherwise these excellent plants flower from late June right through to late September and beyond. I find them useful for the back of herbaceous borders which would otherwise have to be abandoned to late summer yellows, the dominant colour in tall border plants. I have just lumped some of this mallow next to a pale yellow verbascum called Gainsborough of which I am also fond. Here, too, is another family whose flowering seasons vary widely for no reason. Gainsborough lasts very well, perhaps because it is near to the natural yellow of the verbascum. It is possible that we lose a long flowering season when we breed flowers into unusual colours.

## Hunt around

Maybe you have noticed all these variations already and bought them long ago. I will end with a plant which owes nothing to breeders and which you may well like to use in a semi-shaded corner where a smallish rock plant is in place. Called *Epilobium Glabellum*, it is related to the bright fireweeds of America and seems to me to be most valuable. The flowers are small and white, with a trace of yellow in their middles. The plants are about six inches high and less than a foot wide. They are graceful, and last year I bought five. One has been burnt to death by this year's sun. The other four began to flower in May, are still worth a visit when I go outside and show no signs of stopping their series of buds. It pays to hunt around, especially when the reward is a plant which persists throughout the summer.

RACING

BY DOMINIC WIGAN

# Night Sky looks bright

FIVE TALENTED handicappers headed by the one-eyed course specialist *Belper* line up for this afternoon's Brighton Challenge Cup—a really tricky problem for punters.

Despite the strong claims of John Dunlop's ultra-consistent *Belper*, who is fully entitled to his steadier of 9 stones 7 lbs. I intend siding with another course winner, *Night Sky*.

This well-made Star Moss colt, trained by Staff Ingham at Headley, has been slowly finding his form in recent weeks. At Ascot last month he suggested that he would not be long in winning when finishing fourth behind the high-class handicapper Sir Montagu in the Sandringham Handicap.

Night Sky has considerably less to do here, and it will be disappointing if he cannot deal with his veteran Arundel rival, from whom he receives 4 lb.

Hard ground has badly affected the turn-out at Pontefract's Racegoers' Club Concession Day meeting. All the race times have had to be put back by half an hour on the Yorkshire track, owing to Paddy Jack's walk-over in the Wakefield Metropolitan Handicap.

The most interesting event on this popular little course seems to be the Colfigs Juvenile Stakes, in which Jeremy Hindley's tough bay *Hand Canter* will try to extend his winning sequence to five.

This consistent half-brother to Sound Jiff easily disposed of a big field at Ripon on Monday. A reproduction of that running should see him following u[p] the main expense of *Rusk* [...] who never threatened the le[aders] when finishing seventh be[hind] Brown Mint and Shush at [...] sor on his most recent appear[ance].

Half-an-hour after the C[...] Stakes, there could be [an] interesting tactical battle i[n the] Corporation Handicap, in [which] Mick Easterby's *Affirmative* [will] be trying to concede 15 l[b to] his sole opponent, the son[...] challenger *Fred Scott*.

Affirmative, a winner [...] times already this term, [came] close to adding to her tal[ly at] Redcar last time out. She [went] down by a head to Katka, [to] whom she received 5 lbs, [in the] Foreshore Handicap.

A smart mare, ideally [suited] by top of the ground condi[tions], Affirmative is likely to b[e] good for Duncan Sasse's [...] what disappointing charge, [whom] she beat by eight lengths [when] scoring at Nottingham [last] month.

| | |
|---|---|
| **BRIGHTON** | |
| 2.00 | Godstar* |
| 2.30 | Rapport |
| 3.00 | Night Sky |
| 3.30 | Diorina |
| 4.00 | Huntsman's Leap |
| 4.30 | Pearl Shell** |
| **PONTEFRACT** | |
| 3.45 | Hand Canter*** |
| 4.45 | Affirmative |
| 5.15 | Mister Rushton |

COWES WEEK

BY ALEC BEIL[BY]

# Loujaine wins Britannia Cup

SIR MAURICE LAING'S five-year-old yacht Loujaine yesterday added the Britannia Cup, one of the two major Cowes Week trophies, to Monday's prize, the Sir Walter Preston Trophy. Every Cowes Week seems to produce one or two stars that shine a little brighter than the others among the yachts of the cruiser classes and this year proves no exception.

Colin Journeaux's one-tonner Karina, designed by New Zealander Bruce Farr, built in Cowes and registered in the Channel Islands, has collected four trophies in four races of the week so far, and made sure of winning Class II.

The yacht retired early from the 200-mile Channel Race during the week-end, and raced inshore at Cowes, collecting the Queen's Cup on Saturday, the Class II Morson Cup on Sunday, and the Class II Purdy Cup on Monday.

Rated for handicap purposes at 27.5 ft., Karina is restricted to Class II and cannot compete for either the Britannia Cup or the other major Cowes Week prize, the New York Yacht Club Trophy. Her crew's request to be allowed to carry a handicap measurement of 29 ft., the minimum acceptable for Class I, to join the larger yachts, was rejected.

Yesterday it was a 14-mile run to Bembridge Ledge for the Britannia Cup fleet, and to marks nearer to Cowes for the smaller classes. At Bembridge, Brother Cup led at the turn northward to the Dean Tail Buoy before beginning the long arduous beat back up the Solent against the tide. The task was not made easier by the fickleness of the wind, though this did fill in from the west during the afternoon.

About an hour and a half after the start of the Britannia Cup race the recently damaged QE II sailed majestically through the yachts on her way out for a day of sea trials following repairs at Southampton.

Thirty yachts started in Class I yesterday on the fourth eastward start of the week in a light westerly wind, and the beginnings of a sluicing east-running tide. Ernest Duer's Brother Cup hit the line with the gun, and was soon ahead of the pack, with the German yacht Duva astern.

Behind the leaders and ahead of the main bulk of the fleet Mr. Edward Heath, making his first appearance at Cowes this week at the helm of Morning Cloud, made a well-judged start, holding to the northern side of the course, a ploy that seemed to pay initially, though he was eventually placed a lowly 15th on handicap.

Several crews in the smaller local classes, notably the X One designs, have been complaining about the continual downwind starts. But the race officers, faced with light winds and a line-blocking tidal stream that would pin yachts on the starting [line] until the breeze filled in, if [com]ing to the west, have had no alternative than to sen[d the] fleet to the east.

## Fickle wind

In view of Karina's i[mpres]sive performances it was [...] that the Royal Yacht Squ[adron] race officers were not a[ble to] send the Class II yachts o[n the] same course as that se[t for] Class I, as it then would [have] been possible to see w[hether] Karina was capable of h[olding] her own with the Class I [yachts].

First home to Cowes [was] Brother Cup, leading [...] McCowen's Synergy by [...] minutes. Both crews [...] protested against the other [after] a collision in the early sta[ges].

Synergy led Ron A[...] Noryema by a mere two se[conds], and Sir Maurice La[ing's] Loujaine, the eventual w[inner], finished fifth close behind [...] Prentice's Battlecry and [close] enough to the leaders to [take] the Britannia Cup whe[n the] computers had untangled [the] handicap results.

## German course for beginners

THE GOETHE Institute will present a course for beginners, German for lawyers and patent agents at the City University Graduate Business Centre, London, on Tuesdays and Thursdays from October 5 to December 9. The fee will be £30.

Details of the beginners course can be obtained from the Language Department, Goethe Institute, 45, Prince's Gate, London.

## Record crow[d] at Game Fai[r]

THE COUNTRY Landow[ners] Association's 1976 Game [Fair] held on the Viscountess [De] L'Isle's estate at Glanusk [Park], Powys, Wales, on July 30 [and] 31, attracted a record [...] visitors.

Last year 76,000 people v[isited] the two-day fair at Chats[worth], Derbyshire.

Next year the CLA Game [Fair] will be held at Woburn, Be[dford]shire, on July 29 and 30.

# TV/Radio

† Indicates programme in black and white

### BBC 1

7.05-7.55 a.m. Open University (UHF only). 9.45 Adventures of Tin Tin. 9.50 Jackanory. †10.05 Belle and Sebastian. 10.30 Roobarb. 10.35 Vision On. 11.00 Cricket: Gillette Cup: Lancashire v. Gloucestershire. 1.15 p.m. News. 1.30 Bod. 1.45 Cricket: Gillette Cup: Lancashire v. Gloucestershire and news of to-day's other matches. 4.23 Regional News (except London). 4.25 Play School. 4.50 Speed Buggy. 5.15 The Changes. 5.40 Barbapapa.

5.45 News.
6.00 Nationwide.
6.50 Man and Boy.
7.15 It's A Championship Knockout.
8.30 Are You Being Served?
9.00 News.
9.25 Explorers.
10.15 Band Beat.
10.50 The War Lords.
11.20 Weather, Regional News.

All Regions as BBC-1 except at the following times:—

Wales—2.30-4.30 p.m. Eisteddfod Y Dathlu. 5.15-5.40 Y Tir Newydd—America, part 8. 6.00 Wales To-day. 6.50-7.15 Heddiw. 11.20 News and Weather for Wales.

Scotland—6.00 Reporting Scotland. 6.50-7.15 Coastal Journey to Ardnamurchan. 11.20 News and Weather for Scotland.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 11.20 News and Weather for Northern Ireland.

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

### BBC 2

6.40 a.m. Open University.
10.35 Nai Zindagi Naya Jeevan.
11.00 Play School.
4.25 p.m. Cricket: Gillette Cup, Lancashire v. Gloucestershire.
5.00 Open University.
7.05 Dressmaker.
7.30 News on 2.
7.40 Gardeners' World.
8.05 Gazooka Summer.
8.35 Who Said That?
†9.00 Festival 40: Dr. Finlay's Casebook.
†9.50 Z Cars.
10.40 Beauty Is In The Eye.
10.50 Cricket: Gillette Cup: Lancashire v. Gloucestershire (highlights).
11.20 Newsnight.
11.35 Closedown. Gabriel Woolf reads "Censorship," by Arthur Waley.

BBC-2—Wales only — 2.30-4.20 p.m. Cricket: Gillette Cup: Lancashire v. Gloucestershire. 4.05-4.25 Play School.

### LONDON

[illegible]

10.30 A Town of the 21st Century.
11.30 What The Papers Say.
11.45 Night Gallery.

All ITV Regions as London except at the following times:—

### ANGLIA

10.30 a.m. David Hand Cartoon. 10.40 Phoenix 5. 11.05 Another Chance. 11.30 Recreation And Interests. 1.25 p.m. Anglia News. 2.00 Houseparty. 2.30 Wednesday Matinee: "Pirates of Tortuga." 5.20 The Beachcombers. 6.00 About Anglia. 11.30 Kenneth McKellar At Home. 12.00 The Big Question.

### ATV MIDLANDS

10.50 CIU: Habitat '76. 11.25 Untamed World. 11.50 Dodo And The Space Kid. 1.20 p.m. ATV Newsdesk. †2.30 Summer Comedy Matinee: "A French Mistress" starring Cecil Parker and James Robertson Justice. 5.20 ATV Today (Pt. 1) including Junior Police Five. 6.00 ATV Today (Pt. 2). 11.0 Show It Again.

### BORDER

11.05 a.m. Another Chance. 11.30 Recreation And Interests. †1.20 p.m. Border News. 2.00 Houseparty. 2.30 Wednesday Matinee: "Bonnie Prince Charlie" starring David Niven, Margaret Leighton and Jack Hawkins. 5.20 The Count of Monte Cristo. 6.00 Border News and Lookaround. 11.30 The Protectors. †12.00 Border News Summary.

### CHANNEL

†1.20 p.m. Channel Lunchtime News and Weather. 2.30 The Wednesday Matinee: "The Last Safari." 5.20 Arthur. †6.00 Channel News. †6.10 Adventures in Rainbow Country. †11.30 News and Weather in French followed by Epilogue.

### GRAMPIAN

[illegible]

### GRANADA

[illegible]

### HTV

[illegible] Polly Bergen. †5.20 Chuckleheads. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Winner Takes All. 11.30 Meet Marie Gordon-Price.

HTV Cymru/Wales—As HTV General Service except: 12.00-12.10 p.m. Chwedlau'r Blodau. 1.20-1.25 Penawdau Newyddion y Dydd. 4.25-4.50 Rhifeddodau. 6.0-6.15 Y Dydd. 6.30-7.00 Yr Eisteddfod Genedlaethol (highlights from the National Eisteddfod of Wales).

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

### SCOTTISH

11.05 a.m. Another Chance. 11.30 Cricket in the Middle. †1.25 p.m. Road and Weather Report. 2.00 Harriet. †2.30 Feature Film: "A French Mistress," starring Cecil Parker and James Robertson Justice. 5.20 Kiri. 5.25 Crossroads. 6.00 Watch This Space. 6.30 At Home With Kenneth McKellar. 11.30 Late Call. 11.35 Continental Showcase—The Gilbert Becaud Show.

### SOUTHERN

10.25 a.m. Sketches of Scotland. 10.35 Motorway File. 11.05 Another Chance. 11.30 Recreation And Interests. 1.20 p.m. Southern News. 2.00 Houseparty. 2.30 "Moon Zero Two" starring Warren Mitchell. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day by Day. 11.30 So It Goes. 12.00 Southern News.

### TYNE TEES

11.00 a.m. Starting Point. 11.05 Another Chance. 11.30 Recreation and Interests. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 2.30 Wednesday Matinee: "Bonnie Prince Charlie," starring David Niven, Margaret Leighton and Jack Hawkins. 5.20 Wild Country. 6.00 Today At Six. 11.30 [illegible]

### ULSTER

[illegible]

### WESTWARD

[illegible]

### YORKSHIRE

[illegible]

### RADIO 1

[illegible]

### RADIO 2

[illegible]

### RADIO 3

[illegible]

### RADIO 4

[illegible]

### BBC Radio London

[illegible]

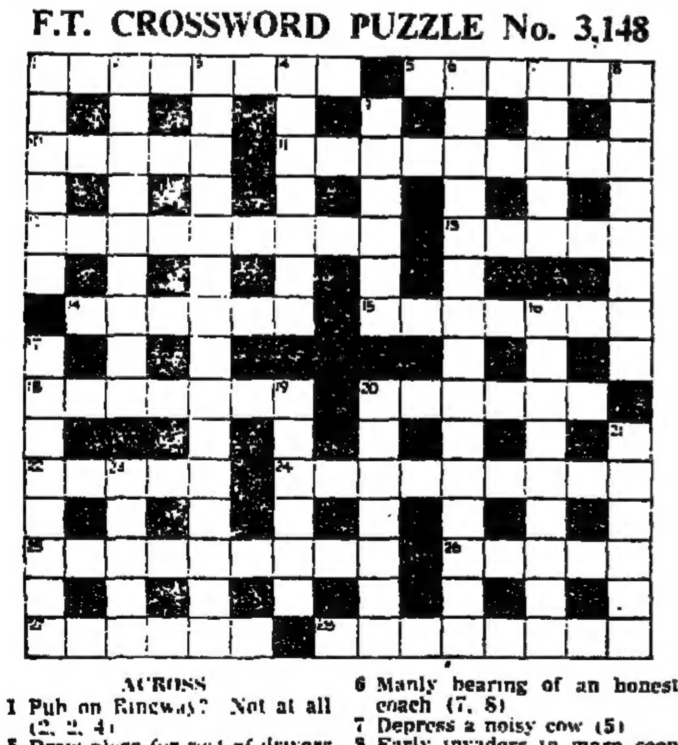
### London Broadcasting

[illegible]

### Capital Radio

[illegible]

## F.T. CROSSWORD PUZZLE No. 3,148



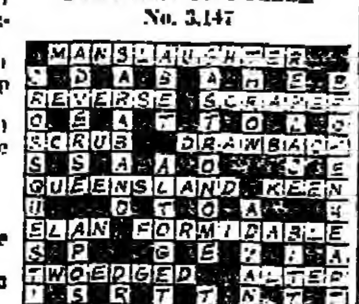
ACROSS

1 Pub on Ringway? Not at all (2, 2, 4)
5 Draw place for rest of drivers (4, 2)
10 Accountant has initial victory over one pound carp (5)
11 Where best people come from—including President of the Royal Academy (3, 6)
12 Lead a butterfly existence meeting bean about four (9)
13 Reach Cheddar at 4 (5)
14 Pick one-track record (6)
15 Daughter has a schedule that can be placed in history (7)
18 Girl determined to skip (4, 3)
20 Church affected manner of furniture (6)
22 Underwood has to scratch (5)
24 Very distant? On the contrary (3, 4, 2)
25 Make up is better outside (9)
26 More suitable part of cheap terrace house (5)
27 Fat of the land they say (6)
28 Committed game official made a mistake (8)

DOWN

1 Put behind bars in Chinese capital when over-age (6)
2 Innovations that fiction matches (9)
3 Protective clothing for old general servant (10, 5)
4 Day one bad dinner in 13 (7)
6 Manly bearing of an honest coach (7, 8)
7 Depress a noisy cow (5)
8 Early invaders in morn seen to be disturbed (8)
9 Run round it when thwarted (6)
16 Pub with no measure for glass (9)
17 Fantastic demolition work (8)
19 Quarrel at home concerning meal abroad (6)
20 Get back in heart of procession (7)
21 Laid up self-starter to stop signal (6)
23 Pure alloy added to eastern currency abroad (5)

SOLUTION TO PUZZLE No. 3,147



# ENTERTAINMENT GUIDE

OPERA & BALLET

COLLEGIATE THEATRE. 387 9629. Until Aug. 14. Evenings 8.0 [illegible]

[illegible]

THEATRES

DUCHESS. 836 8243. Evenings 8.0. Fri., Sat. 6.15 and 9.0 [illegible]

[illegible]

THEATRES

PALACE. 01-437 [illegible] Mon.-Thur. 8.00. Fri., Sat. 6.00 [illegible]

[illegible]

CONTINUED ON PAGE 6

Television

# Unplaced at the Games

by CHRIS DUNKLEY

In spite of all the difficulties [an]d disasters there were, I [su]spect, a great many events in [th]e 1976 Olympic Games which [we]re exciting and entertaining. [So]me of them retained their [int]erest on television.

It is difficult to believe that [a] great many people bothered [to] stay up until 3 o'clock on [Su]nday morning to watch the [bo]xing finals live, but your critic [wa]s one of them and it must be [re]ported that those who did stay [aw]ake were rewarded with sheer [sto]ry-book material. Mike Spinks [we]nt into the ring and won the [go]ld medal at middleweight, and [in] the very next bout big brother, [Le]on Spinks, stepped in and took [th]e gold medal for light heavy-[we]ights. Harry Carpenter, who [em]erged as one of the star com-[me]ntators of the Games because [he] often spoke in whole, com-[pr]ehensible sentences, had as [mu]ch difficulty as I did in [be]lieving it. It was surely a [un]ique sports phenomenon.

However, the purpose of this [co]lumn is not sports criticism [bu]t television criticism; and it [wo]uld be sheer irresponsibility [on] the part of a television critic [wh]o actually likes television [(t]here are few enough of us [ar]ound) to allow his modest [en]joyment of the sports to colour [hi]s judgement.

The truth is that for those [of] us unable to get to Montreal [an]d obliged to follow events on [te]levision—virtually the entire [po]pulation in other words—[en]joyment of the 21st Olympics [co]uld only be modest because [th]e television coverage was so [as]tonishingly bad.

Three organisations would [se]em to share responsibility for [th]is: the Olympic Radio and [T]elevision Organisation of [C]anada (interesting priority) [w]ho were responsible for the [a]ctual use of the cameras on [th]e ground, the European Broad-[c]asting Union who were "in [a]ssociation" with them in this [e]ffort and who organised the [s]hared satellite feed for the [m]embers of the EBU, and of [c]ourse the BBC.

There were three overlapping [th]ough distinct, aspects of the [c]overage which were bad: pic-[t]ures, words, and attitudes. The Canadians (and to some extent, [p]erhaps, the EBU) must be [b]lamed for the shockingly bad [s]ervice in pictures and it should [b]e emphasised that if only BBC [p]roducers had had control of [t]he broadcasting troops on the [g]round, and if only BBC direc-[t]ors had been calling the shots, [t]hen we would no doubt have received the same highly pro-fessional, brilliantly effective photography that we have come to expect from people such as Slim Wilkinson and his outside broadcast team on all our own sports occasions, and doubtless this would have compensated for the pitiful standard of most of the words.

After watching the Common-wealth Games from New Zealand 2½ years ago I wrote here a celebration of the BBC's magnificent coverage in a column which ended: "It was the smooth-ness of the editing, moving logically from track to field to pick up an extra event before moving back to the track and on to the relevant medal ceremony, which made an appallingly com-plex operation look so straight-forward and easy: the mark of the true professionals. Great television."

In frightful contrast the Canadian effort from Montreal this month looked like the pro-duct of an enthusiastic but inept fifth form let loose with a Boots home movie outfit: full of old fashioned technical gimmicks, but lacking any underlying understanding of how to create smooth, informative coverage of a big sports meeting.

We had diagonal wipes (pic-ture "unrolling" from bottom left screen to top right), vertical wipes, multiple split screens (which, like so many aspects of the coverage, shamelessly ignored the fact that most of the world watches television in black and white), star bursts, and a multitude of other tricks every few minutes, and sometimes every few seconds.

It was not as though this gimcrack nonsense was super-imposed on a good sound base of well-chosen pictures. Coverage of these games was typified by a picture of an athlete on a bench struggling to get his track suit trousers off over his spikes, while the crowd in the stands (so far as we at home could tell from the very poor quality of atmospheric sound) roared its applause at some superb effort proceeding, quite unnoticed by the cameras, on the other side of the stadium.

There may have been good reasons for the unusually poor positioning of cameras in the gymnastics hall, the swimming pool, and the track. But there cannot be much of an excuse for the way that the slow-motion replay was worked into meaning-lessness (why three showings of every high jump, three showings of every pole vault?) and certainly no excuse at all for the over-anxious way they stayed in long shot practically through-out the Games.

Nadia Comaneci, the Romanian gymnast

Perhaps it is simply that no one in Canadian television has ever discovered the use of the rapidly intercut close-up or even the medium close-up. Volleyball coverage was a prime example: after a medium close shot on the server the director came back every time to a long shot of the whole court and stayed there for the duration of the point so that we never once saw one of those numerous mighty "spikes" (a downward smash from the net) in close-up.

With the pictures failing so dismally to command attention one was thrown back on the spoken content more heavily than usual and this may be why the shortcomings of the 16 BBC commentators and two link men seemed more noticeable than ever. That is the charitable opinion.

The honest opinion is that the BBC is allowing the standard of its commentaries to deteriorate more and more quickly.

When these Games closed my opinion of David Coleman was higher than it has been for some years. He used his knowledge of the athletes and of statistics highly effectively (though he could do nothing about the in-efficiency of the Canadians in televising line-ups, and even-tually became understandably tetchy about the poor service of pictures he had to speak over).

But leaving aside Coleman and Carpenter — and anchorman Frank Bough who did a fine and enthusiastic job even if the grievous bodily harm that he did to the word "enjoy" ("and now we're going to enjoy some more boxing/enjoy this final/ enjoy that contest again") did finally become absurd and in-furiating —it has to be said that that the rest of the words from the Olympics sounded more like a team of headline writers from a 1930 Empire Loyalist tabloid newspaper screaming out their wares than the informed and in-formative comments of a team of highly experienced specialist broadcasters.

According to the BBC com-mentators, competitors were forever "pulling out the big one" and "coming good." "Another day of pressure archery," announced David Saunders. "Oh! And what a pressure jump!" cried Ron Pickering. "Shirley, you are lovely at last," burbled the unbelievable Hamilton Bland. "Oh and he's exploded, he's exploded!" wailed Dorian Wil-liams meaning, apparently, that a horse had stopped trotting and cantered for two steps.

The most embarrassing aspect of the coverage, however, was the BBC's underlying attitudes. It was not their misjudgement of the interest of various events that mattered so much—though the hours and hours and hours of Lolita acrobats, and the cover-age of dancing animals (and if dressage horses, why not per-forming seals by the way?) were so clearly overdone—but the attitude that suggested that realities could be ignored and the entire business put across as some sort of variety show.

Filbert Bayi and John Akii-bua and Mike Boit and half the boxers and literally hundreds of others are all missing because of the boycott. Well, the show must go on, this is showbiz, isn't it? Let's simply pretend in our commentaries that the boycott has never even happened, let's not mention any of the missing sportsmen.

Is there a princess entered? Or failing that a pretty young girl? Let's concentrate on them (never mind if they fall over, this is show business and the public loves a glamorous upset). After that we'll concentrate on British competitors at the cost of all others—no matter how hopeless the British entry, or how good the others.

Again Coleman is excepted from this criticism: when Foster was clearly going to fail in the 5,000 metres Coleman, admir-ably, acknowledged the fact and then promptly switched to a non-hysterical celebration of Viren's superb running.

Any significance attached to the Olympic Games is created, for 99.9 per cent. of people, by television. If television coverage makes the Games look and seem like an all-singing all-dancing jingoistic panto, that is what they will become in the eyes of the watching world.

Contrariwise, if television, and in particular the BBC, wanted to help bring back the regard for sportsmanship, for individual effort, for the dignity of the Games, and by calm and compre-hensible commentary without absurd chauvinism, to make of it an occasion where it was the achievement of the individual—never mind his country's position in the TV medal table—that counted, then they could do just that.

What a pity for television itself, for the British audience, and for the world that the BBC don't seem to want any such thing.

Andrew Sachs, Rex Harrison and Keith Mitchell in the French farce 'Monsieur Perrichon's Travels' by Labiche and Martin, which opened last night at the Chichester Festival Theatre, the final production of the season

Albert Hall/Radio 3

# John Eliot Gardiner

by MAX LOPPERT

Monday's Prom, given by the Monteverdi Choir and Orchestra under John Eliot Gardiner, offered substantial helpings of four great composers—Purcell, Bach, Handel and Rameau. What riches! If the last-named made on this occasion the sharpest impact, that statement is not intended to place him at the head of the list. But the extent of Rameau's genius is, unlike the other three, still unfamiliar and unexplored—despite the sterling work of Mr. Gardiner and his players and singers—and the quality of that genius is always so very startling, that each encounter becomes a shock and a delight in equal measure.

For the finale of this concert Mr. Gardiner had drawn a Suite of 13 dance-movements from *Les Boréades*, the *tragédie-lyrique* that was to be Rameau's final creation, a theatre work never staged or performed until last year's Elizabeth Hall concert performance. On that occasion, the instrumental movements may have seemed less remarkable in context than the full product of the composer's dazzlingly inventive and innovative old age.

On Monday, with the focus directed solely to the dance music, the varieties of colour, the minute attention to shading and mood, and the wealth of instru-mental combinations and con-trasts, could all be admired in full, astonishing splendour. "Riot of colour," one wants to say of these movements, except that the implication is of a possible disorder unthinkable from this superfine super-selective imagina-tion. Yet there is something almost pagan, certainly sublimely hedonistic, about the inventions in this suite: ticklish instru-mental details spurred on by vibrant rhythmic energy, with sudden jagged edges of harmony and melodic phrase that can still alarm the senses.

In Rameau, Mr. Gardiner's interpretative gifts were dis-played in happiest light. His own light, elegant, subtle sense of orchestral colour was rewarded by playing of bewitch-ing grace. The other works of the evening all, in different ways, wanted a sturdier manifestation of rhythmic solidity than he can always muster. Two Handel anthems were given: *Zadok the Priest*, and, before the interval, the sixth written for Cannons, *As pants the hart*. In the latter, particularly, greater sturdiness was needed—there was some-thing almost decorous about the shaping of those muscular fugal choruses, despite clear and well-blended choral singing. Wynford Evans, the tenor, was most telling of the soloists.

The Purcell contribution was the last and greatest of the birth-day odes for Queen Mary, *Come ye sons of art away*. The English language was given a rather rough ride by three of the soloists—the initial invocation to "Come" sounded more minatory than in-spiring as heavily consonanted by the first countertenor, Charles Brett; there were also oddities of pronunciation from the second, John Williams, and the soprano, Norma Burrowes. As a result, the innumerable felicities in Pur-cell's setting of words were blur-red, although the performance was not devoid of charm. Be-tween the Handel anthems, a highly polished, just a little slick playing of the Bach Second Suite, with William Bennett the whiz-zing soloist.

Palladium

# Johnnie Ray

by ANTONY THORNCROFT

To begin with he looked much too healthy—too bronzed, too sophisticated, to be the Big Sob, the Cry Guy. But then he pulled up a stool and sang "If You Go Away," and there was Johnnie Ray weeping all over the stage of the Palladium again, and there was the audience blubbing back, and wondering what had happened during the past 20 odd years.

As reunions go it started as a fairly low key affair, apart from a welcome home banner unfurled in one of the boxes. And Johnnie Ray seemed too fit, at 49, to be the same crumpled weakling, with the same hearing aid, whose mournful songs re-gularly reduced both him and his adoring fans to tears in the innocent '50s. But his repertoire has scarcely changed, and by the time he got to "Little White Cloud that Cried" and the semi-nal "Cry" we were all back in the past, where we wanted to be, and the Palladium's fort-night of nostalgia was off to a suitably damp start.

Johnnie Ray, who first brought anguish and personal trauma to popular music, is the main attraction on the bill, the great curiosity, but the fact that he has survived so many wet nights slightly destroys his mystery. In the event the more obvious nostalgia of the Ink Spots is a pleasanter surprise.

The years have regularly forced a change in the Ink, but the songs stay the same and there seems to be a constant supply of deep-throated bass players to talk through emotive lyrics like "If I didn't care." It all sounds so sane and sensible, and Billy Daniels does nothing to disturb the gentlemanly proceedings with the kind of professional performance that needs his 44 years on the road to perfect. He ended, inevitably, with "Old Black Magic," but his voice re-mains in prime condition, and he can get by on talent rather than memory.

Finally, on an unusually rich bill for the Palladium, there is Frances Faye, one of those tough American ladies whose wit makes up for lack of subtlety. Preying behind the piano, sending up the flautist, she gives a terrifying impression of a red hot mamma, a strident aperitif to the pathetic Ray. All in all something for everyone—as long as they have a good memory and a feel for the '50s.

Letter from California

# Theatre boom in Los Angeles

by MAURICE IRVINE

For a city that has such a [s]lim reputation as a "theatre [t]own," Los Angeles has an [a]stonishing amount of theatre. [E]ach season there is more, and [i]t's getting better year by year.

True, L.A. has its share of [t]ouring companies from the [E]ast, plugging away through the [l]ong hot summer with last year's Broadway success; but in recent years, this has become a place of great theatrical variety and adventure. Each week, in more [t]han 40 small, non-profit play-houses, one may watch any-[t]hing from Shakespeare to Stoppard to experimental works [b]y untried young authors. There [a]re feminist groups, black [t]heatres, Latin, Asian, Jewish, [g]ay, even prison companies.

Some are largely workshops [w]here potential new talent gets [i]ts first chance; but most are [t]horoughly professional and [r]un by skilled directors and per-[f]ormers on love and a shoe-[s]tring. And there are, of course, [d]ozens of commercial theatres, [s]ome relying on routine crowd-[p]leasers, but many showing both [c]onscience and a capacity to sur-[p]rise.

One such is the Coronet Theatre, a charming old build-ing (old in L.A. means the thirties) which has a place in theatrical history. In July, 1947, Joseph Losey, before his fame as a film director, and Charles Laughton, staged the first per-formance in English of Brecht's masterpiece, *Galileo*, at the Coronet. Laughton and Brecht had translated it together at the actor's home overlooking the Pacific during the playwright's wartime exile in Los Angeles.

After a melancholy spell as a porno house ("live nude girls on stage") the Coronet has been restored to its rightful place and is currently staging a new play by Preston Jones, *The Last Meeting of the Knights of the White Magnolia*, which began life in a tiny Hollywood work-shop theatre, the Company of Angels. Cut and polished by the author and director Harris Yulin, a fine actor himself, this has been described by one Californian critic as "the best new American play of the last five years."

It is not quite that. Preston Jones' funny-sad look at a band of ageing, boozy world war warriors who gather for an annual meeting in the worst hotel's worst room in a Texas town which the freeway has by-passed is a little too predictable. There's a certain coarseness in the way the audience is en-couraged to laugh at these human ruins; but laugh we do. Mr. Jones has a sharp ear and eye for character.

Probably Los Angeles' best-known small group is the Com-pany Theatre, which earned an international reputation with such productions as its *James Joyce Memorial Liquid Theatre*, and other shows which were successfully exported. The Com-pany also does well in its frequent stagings of modern masters (Beckett's *Endgame* was especially good), but its most recent production — two one-actors by the highly regarded San Francisco poet Michael McClure (*The Beard*)—although cleverly directed, was thin stuff. *The Pink Helmet* had to do with three war survivors who are carried off to extra-terrestial bliss by a pair of half-naked young women for purposes which remained obscure; *The Masked Choir*, a species of mini-rock musical, is on a similar plane of facetious fantasy.

Another venturesome and energetic group is the Odyssey Theatre Ensemble. Their account of *Peer Gynt* recently won high praise from local critics, and deservedly so. Currently they are engaged on a more desperate enterprise: Paul Foster's *Elizabeth One*, which lasted all of three nights on Broadway, as directed by John-Michael Tebelak (of *Godspell* fame).

It has its charms, if no very apparent reason for existing. Philip of Spain wears dark glasses and looks like the chief of the Mexican Mafia; there's a rather dim Dauphin who cruises in on roller skates wearing boxer shorts; a Virgin Queen who carries on like the Queen of Hearts in *Alice*; and so on. The notion is to turn emotions and ideas into physical terms (Francis Bacon is both serpen-tine and acrobatic to match the agility of his wits); but director Ron Sossi allows too much confusion to reign over an already confused play. A loud rock score doesn't help. The energy and invention is appeal-ing, though.

The Synthaxis Theatre is keenly feminist in outlook. It offers plays mainly by and about women. The war between the sexes is a constant concern. Two original and highly-praised works staged recently were Susan La Tempa's *A Play of One's Own*, about Virginia Woolf, and Megan Terry's *Approaching Simone*, a remarkable work that examines the strange life and death of the young French mystic and scholar who died in England in 1943 of an illness aggravated by her refusal to eat anything more than was given to her friends in Occupied France.

Theatre Vanguard has also concentrated on developing the work of women artists. Its series of one-woman shows celebrating historical figures (Isadora Dun-can; Gertrude Stein) were much acclaimed. Perhaps the best of them was Paulene Myers' *World of My America*, based on Black poetry and writings from the days of slavery to the Watts riots of 1965. Her portrait of the freed slave Sojourner Truth who toured America in the 1840s preaching abolition, is absolutely hypnotic.

The Inner City Cultural Centre (forbidding title for a very lively and relaxed theatre) is the home of Los Angeles' major Black-orientated productions. *Selma*, a musical about the struggles of Martin Luther King, had some moving moments, although singing politician/ preachers, however heroic, are not for me. But the show was immensely popular; after a long run it graduated to one of LA's biggest theatres, the Huntington Hartford. *Selma* is only one among the many home-grown successes put on at this busy theatre.

The crowning glory of Southern Californian theatre is Gordon Davidson's Centre Theatre Group at the Mark Taper Forum in the city's splendid Arts Centre. No other band of players has the re-sources or the abilities of CTG—which also occupies the most at-tractive and comfortable modern playhouse in town. It has given us a long string of brilliant pro-ductions, many of them world premieres, like Conor Cruise O'Brien's *Murderous Angels*, Christopher Isherwood's *Meeting by the River*, Derek Walcott's *Dream on Monkey Mountain*.

Currently, CTG is alternating three new plays with a Chekhov. David Rudkin's *Ashes* (in its U.S. premiere) was not liked by local critics, most of whom found it stupefyingly prolix; Susan Miller's *Cross Country*, a feminist exercise about a woman who leaves her husband and takes to the road, fared a little better; Oliver Hailey's comedy *And Where She Stops Nobody Knows* about the manic adventures of an unstoppable lady from age 6 to 84, was well-received. This ex-uberant piece deserves a wider audience.

I have barely skimmed the sur-face of a varied scene. Why this new interest in theatre here? Why the proliferation of so many small, dedicated groups? One reason may be that, with the studios in the hands of the big conglomerates, so few new films are being turned out, another the horrendous quality of local television and the new appetite for home-baked product of what-ever kind.

A wealth of acting talent is attracted from every part of America to Southern California and, thanks to the "99-seat rule"—an Equity waiver which allows actors to work without pay in theatres seating less than 100—any performer who is prepared to make sacrifices can find a job. Thousands take the chance each year—to see, be seen, to learn their craft. It is theatre for the love of it.

Daniele Perriers is the new Despina in Glyndebourne's 'Così fan tutte.' There is also a new Ferrando, David Rendall

## C. Day Lewis Fellowships

The Greater London Arts Association, in co-operation with the schools and education authorities concerned, has awarded three C. Day Lewis Fellowships for writers (worth £1,500 each) tenable at London Comprehensive schools. The schools are: Aylestone High School, Brent—a mixed compre-hensive with 1,700 pupils; Ruther-ford School, St. Marylebone—a boys comprehensive with about 750 pupils; Vauxhall Manor School, SW8—a girls compre-hensive with about 900 pupils. The writers are: Jon Silkin (Aylestone High School); Tom Pickard (Rutherford School); Michael Rosen (Vauxhall Manor School).

They are required to spend two days a week at the schools for two terms. This is the fifth year of the Fellowships.

## Chichester New Ventures

A theatre group, New Ven-tures, has been formed by actors and backstage staff of the Chichester Festival Theatre who, for some time, have been looking for ways and means to take their skills into the community and explore types of drama which would be impractical in the large auditorium of the Festival Theatre.

With the encouragement of the management and the addi-tional financial support from an industrial concern they are initially presenting a series of contrasting entertainments with-in the Chichester area. Their opening programme consists of four plays: Tom Stoppard's award-winning comedy *Albert's Bridge*; *Architric* by the modern French playwright Robert Pinget; and a double bill—*The Stronger* by Strindberg and *Hello from Bertha* by Tennessee Williams. These plays are being presented as a late-night season at the Dolphin and Anchor, West Street, Chichester.

In addition, the theatre group is giving Saturday morning "Story-Times" at the local library, preparing story cassettes for local hospitals and the house-bound and an outdoor version of *Canterbury Tales*.

## Van Dyck back at the Fitzwilliam

Van Dyck's painting of the Virgin and Child, sold last month to a dealer acting for an Ameri-can museum prepared to pay £231,000, is to go back on display at the Fitzwilliam Museum, Cam-bridge, to help an appeal for the £166,000 still needed to keep it in Britain.

## RPO's thirtieth birthday

The Royal Philharmonic Orchestra anticipated its 30th anniversary, which falls on September 15, by announcing yesterday the appointment of a new leader, by introducing its new joint associate conductor and by revealing its newly-granted coat of arms.

The new leader is Barry Griffiths, who for the past four years has been leader of the BBC Northern Symphony Orchestra in Manchester.

The conductor, whose appoint-ment was announced earlier this year, is the Dutchman, Hans Vonk. He joins Sir Charles Groves as associate conductor.

The coat of arms is partl per pale or and azure, three violin bridges surmounted by crowns. The crest (a swan holding a scallop) is from Sir Thomas Beecham's own arms, and the motto is "Musica mundum transcendit"—music bridges the world.

The birthday will be marked by two concerts, on September 15 at the Fairfield Hall, Croydon, and on September 23 at the Festival Hall.

## Honorary degree for Aaron Copland

Aaron Copland will receive an honorary degree from Leeds University during the Leeds Musical Festival this October. He is coming to conduct the BBC's Northern Symphony Orchestra and Festival Chorus in a concert to mark the bicen-tenary of the American Revolu-tion. The choral suite of his opera, *The Tender Land*, will be included.

He will receive the honorary degree of Doctor of Music on October 18.

His teacher, Nadia Boulanger, received an honorary doctorate of music from Leeds University in 1972.

# WORLD TRADE NEWS

EEC-U.S. RELATIONS

## Hostilities resumed in chicken war

BY DAVID CURRY

BRUSSELS, August 3.

THE U.S. Administration is threatening to reintroduce one of the best-loved and traditional routines into the EEC-U.S. trade floor show—the famous chicken war game.

Arguing that the EEC has failed to improve access for American poultry into the Community (a promise which the Brussels Commission says was never made) the U.S. Administration is opening hearings on whether it should suspend its own tariff concessions on French brandy.

The chicken war goes back more than ten years into the Kennedy Round of trade negotiations. In December 1963 the Americans lifted Customs duties on brandy entering the U.S. at fob prices of more than $9 per proof gallon from $1.25 to $5.

However, in the middle of 1974, when the U.S. was engaged in negotiations with the EEC to win trade concessions as compensation for the enlargement of the Community under Article 24:6 of GATT, Washington liberalised its tariff by raising the threshold price for the higher rate of duty to $17 per proof gallon. This left brandy entering at below $17 per proof gallon paying only $1.25 tax.

This concession was made to sweeten the French who were fighting hard against significant liberalisation of the EEC's tariff regime for American farm products, notably cereals. The Americans argued that they could not get authorisation from Congress to go into the Tokyo Round of trade talks until they had tied up the compensation-for-enlargement issue.

Washington linked brandy and poultry together, a link which has never been recognised by the Community. In 1974 the Presidential proclamation introducing the brandy concession said that one of its objectives was to "encourage" the resolution of outstanding trade disputes between the U.S. and the EEC, including the removal of unreasonable restrictions on poultry from the U.S. maintained by the EEC.

The EEC's import régime for poultry is one of the more picturesque aspects of the Common Agricultural Policy. It incorporates a variable levy which moves with world cereal prices since it is based on the amount of corn the bird in question is supposed to have eaten.

The Brussels reaction has maintained the tradition of high melodrama which has become attached to a dispute which revolves around the exports to the EEC of some $35m. a year of turkeys or bits of turkeys. "The Community has no debts to pay to the U.S. in terms of poultry concessions," declared one official and went on to denounce the "renewed de-liberalisation" of American import policy for brandy, which manifested such an "ungenerous character."

In the U.S., brandy importers who have strong links with American whisky manufacturers are likely to take up the cudgels, though no doubt American poultry producers, to say nothing of the Californian brandy industry, will press hard for the withdrawal of the tariff concession.

American officials say that so far as they know the Government has acted off its own back, rather than in response to a lobby. "Believe it or not," commented one official, "I don't think there are any uncommitted delegates in turkey-producing states."

## Japan sales of machinery rise 141%

TOKYO, August 3.

JAPAN'S exports of industrial equipment contracted for the April-June period amounted to Y301.5bn., up 141 per cent. over the same period last year, the Industrial Manufacturers Society announced to-day.

The group said the value was down 14 per cent. from the January-March period of this year, adding that the increase in exports was attributable chiefly to brisk shipments to Communist-bloc nations and oil-producing countries.

Among big orders received during the April-June period were Y32.8bn. for synthetic rubber producing facilities from the Soviet Union, Y77.2bn. for natural gas liquifying facilities from Algeria, Y30.3bn. for water desalination facilities from Kuwait, and Y22.5bn. for hydro-electric generation equipment from Venezuela.

## Action sought on paper 'dumping'

Financial Times Reporter

REPRESENTATIVES OF the U.K. paper and board industry have sought assurances from Mr. Michael Meacher, Under Secretary for Trade, that action would be taken on the alleged dumping of low-priced paper from non-traditional suppliers such as Romania and Brazil.

The delegation, employers and trade union members of the NEDO sector working party for paper and broad, insisted action was needed quickly because these imports were upsetting the market.

The representatives also asked for a provisional anti-dumping order on these imports "until such time as the allegation was proven or otherwise." The Minister asked for additional information and promised speedy action if this indicated the allegations were proved.

Duty-free quota problems were also discussed at the meeting. The delegation was anxious to find out if a review of the agreements could be undertaken before the quotas for 1977 were discussed.

The claim is that the imposition of these quotas at the time when the U.K. joined the EEC had placed the British paper industry in a disadvantageous position when compared with its Common Market counterparts.



## British contractors favourites to win Aqaba port contracts

BY MICHAEL TINGAY

AMMAN, August 3.

CONTRACTS for the expansion of Aqaba Port where four new berths will be built at an estimated cost of Jordanian Dinars 17m (about £24m.) are likely to be awarded to a British company, Jordanian officials said here to-day.

Three British companies, Tarmac, Costain and Kier International have submitted offers for the work after tenders were opened at the end of July. Official sources said eight offers had been received and British offers were among the most attractive.

A final decision will be made at the end of August and work on the new berths, which is vital to ease Aqaba Port's congestion, is due to begin by the end of the year and should be finished late in 1978.

The new general cargo berths will treble the current size of unloading facilities, giving an extra 720 metres of quay. Work has also begun on construction of a floating berth, the contract for which went to a Japanese company Ishikawajima-Harima Heavy Industries (I.H.I.). The 150 metre floating berth will permit two 20,000 ton general cargo vessels to unload at a time as well as two roll-on roll-off vessels. Completion of the floating berth is expected to ease port pressure temporarily when it is finished in April next year.

Meanwhile the congestion at Aqaba Port remains one of the bottlenecks in the currently booming Jordanian economy.

Between 34 and 40 ships are waiting to unload at any time. Delays for vessels under 1,500 tons are one week, for larger vessels face delays up to 45 days, up to one month, while charter vessels face delays up to 45 days. This is considerably less than delays elsewhere in the region but Jordan's Port Authorities are determined to reduce delays.

Improvements are part of an overall expansion plan for the port which includes work on two 115,000-ton phosphate stores for which a British company, Rendel Palmer and Triton are acting as consultants, with a West German concern, PHB, as the main contractor. Work started late last year and should be finished late in 1977.

While loading and off-loading facilities are being dealt with, measures are also being taken to improve on-shore handling. German technicians are due to spend six months in Aqaba to beef up the administartion, while a tender will open to-morrow for laying out a new 200,000-square-metre site for open air storage.

● The Kuwaiti Government is building more docks and increasing harbour working hours to help unclog its jammed ports, AP-DJ reports from Kuwait. A Communications Ministry spokesman said Kuwait will also grant subsidies to shipping agents who pick up their cargoes immediately and bar ships carrying less than 400 tons from unloading at the main port, Shuwaikh. Another 24 docks will be built and working hours will increase to 18 a day to increase the port's capacity, he added.

## Parsons' Saudi order

PASADENA, August 3.

RALPH M. PARSONS said it has received a $6.5m. contract from the Saudi Arabian Government to complete a master plan for a major industrial complex on the country's west coast at Yanbu, the plan is scheduled for completion in one year, AP-DJ reports.

The award could lead to a much larger contract to provide programme management services for the complex's construction. A Parsons' spokesman said designation as master planner often, but not always, leads to such a contract. Bechtel was named programme manager of a $9bn. industrial complex at Jubail, on Saudi Arabia's east coast, after doing the project's master plan.

Parsons said that the total value of the Yanbu project is not yet known but that the complex is similar in size and scope to the one in Jubail.

The Yanbu project, part of Saudi Arabia's five-year, $144bn. industrialisation plan, will include an industrial area, a new community of 200,000 people to be developed over the next 30 years, a deep-water port, an airport and other facilities, Parsons said.

Meanwhile a subsidiary of Santa Fe International has been awarded a turnkey contract in excess of $160m. for the design and construction of a new port at Ras Al Mish-ab on the east coast of Saudi Arabia. It is the largest cash contract ever to be awarded to the company and was made by the U.S. Army Corps of Engineers Middle East division, acting for the Saudi Arabian Government's Ministry of Defence and Aviation.

The prime contractor, Santa Fe Overseas, announced that mobilisation for the job will begin immediately and activities will start at the construction site within one month. The entire project is scheduled to be completed within 18 months as part of the Government's programme to relieve congestion at the country's existing major ports and to allow the importation of necessary supplies and equipment for future inland construction by the Corps of Engineers for the Ministry of Defence and Aviation.

## BA break away on cargo rates

BY PETER HERRING

IN WHAT is clearly a bid to break away from the traditional cargo rates structure imposed by the International Air Transport Association (IATA) on its member airlines, British Airways has decided to seek the approval of the U.S. Civil Aviation Authority to introduce a contract rate package for shipments on its services across the North Atlantic.

The rates are expected to be filed with the CAA this week. If approved, they will be offered to air forwarding agents and shippers who are prepared to enter into a contract with the airline to ship specified tonnages over a 12 months period.

There will be no restriction on the weight or size of individual consignments nor in the nature of the commodity they contain.

The rates will apply to annual contracted tonnages of either 1,500, 1,000 or 500 tons and initially will be available only on British Airways services from the U.K. to points in the U.S.

The same rate will apply to shipments from London, Manchester and Glasgow airports. This will prove particularly attractive to forwarders serving the three airports as it will allow them to build up their contracted annual tonnage with a "mix" from all three points of departure.

Details of the package are not being disclosed by British Airways until the rates have been filed with the CAA. It will, however, include a flat rate for containerised and palletised shipments with a nominal surcharge per kilo for loose consignments. Surcharges will also apply to shipments to U.S. gateways other than New York, Boston, Philadelphia and Washington. In addition, there will be a minimum weight set for consolidation consignments.

If approved, the contract rates will bring about a dramatic reduction in the cost of shipping exports by air to the U.S. The current average rate for shipments on the route is between 50 and 56 pence per kilo, based on the IATA rate structure. BA's contract rate is expected to reduce this by almost half for the highest contracted tonnage.



## GEC's export success

FINANCIAL TIMES REPORTER

THE LIFE of an export salesman is not a glamorous one, according to GEC, the country's fifth largest exporter. Winning overseas orders, says the company, "means long, tiring journeys, the most unsocial hours, family separations, innumerable frustrations and discomforts. The winning of a contract is only the beginning of a much harder slog to its completion, and the constant endeavour to give satisfaction to the customer to retain and expand his goodwill for the future."

Evidently GEC's managers are prepared to undertake these duties, since the company's export performance has improved considerably: in 1975-76 export sales rose by 25 per cent. to £405m. and orders taken in the same period amounted to £466m.

In "The GEC Year 1976," a publication aimed at employees and shareholders, the company notes that the decline in sterling was largely offset by the U.K.'s high cost inflation. "But an improving delivery situation and less suspicion about U.K. industrial relations have contributed to restore the earlier serious lack of confidence among foreign buyers."

A special effort has been made in the past few years to build up GEC's position in Europe. This has included the purchase of several Continental companies—in diesel engines, for instance, and in avionics—to provide both a manufacturing presence in the market and an established sales organisation.

The main purpose of these acquisitions has been to stimulate exports from the U.K. The same approach is likely to be followed in North America, where GEC has recently won some important orders, but where a more substantial manufacturing base is probably needed. The company is concerned that the Government should understand that these investments do not take work away from the U.K. factories but provide more of it.

There is also some anxiety about "political pressures towards sensitive markets, particularly South Africa, on whose goodwill many thousands of British jobs depend."

GEC'S EXPORTS IN 1975-76

| Division | Export Sales (£m.) | As % of turnover |
|---|---|---|
| Power engineering | 89 | 36 |
| Industrial | 93 | 39 |
| Telecommunications, electronics and automation | 148 | 30 |
| Components, cable and wire | 52 | 24 |
| Consumer products | 19 | 10 |

# AMERICAN NEWS

## Kissinger may have new meeting with Vorster

BY DAVID BELL

WASHINGTON, August 3.

DR. HENRY KISSINGER, the U.S. Secretary of State arrives in London to-morrow night on the first stage of a trip which will take him to Iran, Afghanistan, Pakistan, France and Holland before he returns home in a weeks time.

On Thursday morning he is due to have more talks with Mr. James Callaghan, the British Prime Minister, and Mr. Anthony Crosland, the British Foreign Secretary, on the situation in Southern Africa. Last night, Dr. Kissinger, in a speech in Boston, once again expressed strong U.S. backing for British policy towards Rhodesia and warned that time may be running out in the search for a peaceful solution in the area.

U.S. officials are discouraging, but stopping short of denying suggestions that while he is in France next Tuesday the Secretary may have another meeting with Mr. John Vorster, the South African Prime Minister, or with other senior South African officials. There also have been reports that he intends to see Mr. Vorster while in Iran.

Dr. Kissinger is to go from London to Teheran for a three-day meeting of the U.S.-Iran Joint Commission set up in November 1974 to stimulate non-oil trade between the two nations. It is considered unlikely that the Commission will be able to conclude the most important part of the agreement while he is there. This covers the sales of U.S.-made reactors capable of generating some 8,000 megawatts of electricity.

He is also expected to discuss with the Iranians the highly critical U.S. Senate committee report published earlier this week that said that the U.S. State and the Defence Departments have been allowing far too high a level of arms sales to Iran.

Dr. Kissinger then goes briefly to Afghanistan "to re-affirm friendly relations," to Pakistan, where the U.S. has resumed selling arms after an earlier embargo, and then on to Deauville in northern France for a day's "private stay." From France he goes to The Hague for a six-hour visit — the first to Holland since he became Secretary of State four years ago.

## Congress fears on nuclear deal

BY DAVID BUCHAN

WASHINGTON, Aug. 3.

FOLLOWING U.S. State Department reports that negotiations to sell Israel and Egypt U.S. nuclear power plants are near completion, a growing number of Congressmen are worried about the possible lack of adequate safeguards in an area of high tension like the Middle East.

Mr. Alfred Atherton, Assistant U.S. Secretary of State for Near Eastern Affairs, tried to allay some of the e fears when he told a closed Senate Foreign Relations Committee session yesterday that the safeguards were the most comprehensive ever devised.

Both Israel and Egypt have agreed to inspection from the International Atomic Energy Authority, with the U.S. reserving the right to make its own checks. More important, both countries have agreed to let any reprocessing of plutonium be done outside the Middle East.

However, strong opposition was voiced by Senators Stuart Symington, Frank Church and Charles Percy after the session. They not only have doubts about the proposed safeguards, stringent as they undoubtedly are, in the volatile Middle East climate, but they also question whether there is any longer a diplomatic rationale for the plants, which will cost $1bn. for each country.

Discussions on the proposed deals were started when former President Richard Nixon visited the Middle East two years ago. It was then considered essential by the U.S. to get Egypt to sign a disengagement agreement with Israel and to woo Egyptian President Sadat firmly into the Western camp. This has now been achieved, though the promise of a U.S. nuclear plant may have played a part in Cairo's switch in foreign policy.

But in spite of widespread misgivings, Congressional sources to-day expressed doubt whether enough votes could be mustered to block the deals. The deals, when signed, will come before the joint Congessional committee on atomic energy and could then be blocked only by a resolution of both houses. However, the sources to-day argued that the U.S. Administration's view that if the U.S does not supply the plants some other country will—probably carries a lot of weight in Congress. The French nuclear deal with South Africa is cited as an instance in point.

Also causing some concern is last month's decision by the Nuclear Regulatory Commission to allow a short-term shipment of some 9 tons of uranium over the next six months to India, in the light of that country's explosion of a "nuclear device" two years ago.

The NRC has yet to make a long-term ruling on such sales and efforts, some of them from the arms control department of the State Department, to insist on the removal of all spent fuel rods containing plutonium from India by the U.S. before sending any fresh uranium.

## Mystery disease kills 19 in U.S.

By Our Own Correspondent

WASHINGTON, August 3

A VERY contagious dise[ase] which has so far killed [19] people who attended a conv[en]tion last week in Philadelp[hia] is causing concern am[ong] doctors.

State and federal officials [are] baffled by the epidemic, wh[ich] has affected about 75 peo[ple] who attended a Pennsylva[nia] State convention of [the] American Legion. [The] symptoms include a very h[igh] fever and chest pains wh[ich] could be those of "swine f[lu]" the strain of influenza isola[ted] last year in New Jersey wh[ich] is thought to be similar to [the] virus that killed many peo[ple] immediately after the end [of] the First World War.

But doctors said to-day t[hat] it is far too early to be s[ure] what caused the recent dea[ths] and that swine flu is only [one] of a number of possibili[ties] under investigation. Exp[erts] from the U.S. Centre [for] Disease Control in Atlanta [are] helping State doctors to try [to] isolate the virus.

If it should be swine flu [the] Government is at le[ast] theoretically prepared for [an] epidemic with its m[ass] immunisation program[me] announced earlier this ye[ar]. However, this programme [has] run into all manner of [pro]blems including the refusa[l of] insurance companies to prov[ide] the vaccine manufactu[rers] with adequate cover in [the] event of isolated probl[ems] with the vaccine and the [un]explained fact that [one] maker prepared a large b[atch] of the wrong vaccine.

In spite of this the Gov[ern]ment intends to immunise [as] many people as poss[ible] against the influenza virus, [and] if the unexplained Penn[syl]vania illness does turn ou[t to] be swine flu there is no d[oubt] that most of the remain[ing] obstacles to the program[me] will be quickly overcome.

## Miners' strike continues

PITTSBURGH, August 3

DESPITE efforts by un[ion] officials and a U.S. fede[ral] court judge to end an [un]authorised strike that [has] moved into its third week, h[alf] of the nation's 150,000 bi[tu]minous coal miners were s[till] idle yesterday.

United Mines Work[ers] (UMW) local branch 17[..] which reportedly touched [off] the strike on July 19 over [an] arbitration dispute about [a job] posting at a Cedar Coal C[om]pany mine in West Virgi[nia] voted in Charleston over [the] week-end to remain on str[ike] until coal operators meet w[ith] them to discuss compla[ints]. Cedar Coal is a unit of Am[eri]can Electric Power.
AP-DJ

## Bid to solve Martian soil puzzle

PASADENA, August 3.

THE TELESCOPIC arm on America's Viking I spacecraft has been ordered to move to-day to collect a fresh sample of soil to resolve a puzzle about life on Mars.

The soil will be tested in Viking's automated laboratory to see whether its chemical makeup can explain high initial flows of oxygen and carbon dioxide in earlier biological tests.

Scientists were startled by last week's initial results, which could indicate the presence of microscopic life on the planet, 214m. miles from earth. But further readings showed that emission of the gases had begun levelling off, which led biologists to believe that the initial flow resulted from a chemical reaction.
Reuter

## Andean Pact meeting

BY OUR OWN CORRESPONDENT

LIMA, August 3.

MINISTERS from the six Andean Pact countries have arrived here for a meeting of the Pact's Commission that opens to-day and promises to be one of the most crucial in the seven-year history of the Pact.

The meeting involves a direct confrontation between Chile and Venezuela on the key issue of control of foreign investment, and unless a way can be found this week of resolving the positions of these two countries, it could end with the departure of Chile, and possibly also of Bolivia, from the Pact.

The two main issues to be discussed at the meeting are the reform of Decision 24—the Pact's rules on foreign investment—and a protocol for amending the Cartagena Pact which set up the Andean group in 1969.

The protocal was drawn up, and received preliminary approval, at the last Commission meeting in April, but no action has so far been taken on it by any of the six countries. The protocol provides a formula for resolving many of the current problems facing the Andean integration movement, basically by extending for two years the deadlines (which expired last December) for reaching agreement on the Pact's outstanding industrial programmes, the common external tariff, and a number of related programmes.

The protocol does not, however, deal with Decision 24, which Chile regards as the principal problem facing the Pact. What Chile wants is for the foreign investment rules to be altered in such a way that each country would have a wide measure of freedom in deciding how and to what fields the rules should be applied.

THE GENERAL ACCOUNTING OFFICE (GAO)

## The 'Congress Watchdog'

BY NANCY DUNNE IN WASHINGTON

WELL AWAY from the mainstream of bureaucratic Washington a modest office building houses a once-obscure agency with ambitious goals and far-reaching influence. It is the General Accounting Office (GAO), known here as Congress Watchdog, whose 3,700 accountants, political scientists, economists, engineers, lawyers and other professionals are charged by Congress with evaluating the effectiveness of government spending.

The federal bureaucracy has mushroomed to such an extent that no one really knows how many programmes are funded by Congress. Examining this multiplicity of bodies and activities, and, in fact, the duty of approving the distribution of all Federal funds falls principally to Congressional committees. They, in turn, rely on the reports of the independent, non-political GAO.

Some idea of the scope of the task may be found in the budget catalogue of federal domestic assistance which lists some 1,030 federal programmes, administered by 52 agencies. Military programmes are not included in that total, nor are the 11 Cabinet departments, 44 independent agencies, 82 separate government bodies, and 1,240 advisory boards, commissions, committees and councils — all financial dependents of the Federal Government.

Although the GAO has been quietly analysing bureaucratic waste since it came into being in 1921, it achieved little public notice until it emerged during the Watergate scandals as the only objective, investigative agency clearly free of political control. The GAO Office of Federal Elections confirmed the existence of a $350,000 secret slush fund at the Committee for the Re-election of the President; provided the clue that enabled investigators to link the fund to $25,000 "laundered" through Mexico which ended up in the bank account of a Watergate burglar; and referred to the Justice Department "apparent and possible" violations of the new campaign finance law by the pro-Nixon committee.

It was a GAO audit which revealed that the Government had been billed for landscaping, lawn furniture, and even decorative pillars at President Nixon's house at Key Biscayne, in Florida—expenditure labelled as necessary for his security.

It was the head of GAO, Mr. Elmer Staats, the Comptroller General of the U.S., who ended the secret security protection given to the former Vice-President, Mr. Spiro Agnew, overruling President Nixon's directive to provide a guard after Mr. Agnew's disgrace and resignation. The Comptroller General has the power to disallow spending of federal money when he finds that the law is being violated.

The more recent emergence of the GAO only partially represents an attempt by Congress to keep a rein on the bureaucracy. It is also a product of the past eight years of divided national leadership, during which relations between a Republican administration and a Democratic Congress have deteriorated badly. Democratic Congressmen who want ammunition have become increasingly reliant on the GAO for facts to support their arguments. The Republicans are just as willing to use the GAO in the hope of exposing waste in Democratic programmes.

**The GAO emerged during the Watergate scandals as the only agency free of political control.**

Any Congressman can request a GAO investigation of any programme involving federal funding—with the exception of the CIA. A committee which organises the agency's agenda, tries to honour most requests. Yet only about 35 per cent. of the office's work results from Congressional requests. About 65 per cent. is self-originated.

While the GAO is willing to investigate what could be administrative inefficiency, it is just as likely to become involved in major political controversies. Miss Elisabeth Ray's allegation that she had been kept on a Congressional payroll by Representative Wayne Hayes in return for sexual favours caused the GAO to launch a soon-to-be-completed audit of the Congressman's former House Administration Committee.

GAO activities are illustrated by the reaction of the agency to the outcry following the massive U.S. grain sales to the Soviet Union beginning in 1972. The initial purchases by the Russians wiped out the long-standing American surplus, causing domestic food prices to sky rocket. Negotiations between exporters and the Soviet Union were allowed by the Department of Agriculture to proceed in secrecy, with the result that the grain was sold cheap—at $1.25-$1.31 a bushel, which was below the Government subsidy level. Farmers therefore received no direct benefit from the sales, infuriated consumers paid more for food, and the Government had to pay farm subsidies—which have since been discontinued.

To avoid a repetition the GAO has promoted grain export planning and an efficient reporting system. In 1973 Congress authorised the establishment of a mandatory export reporting system, requiring exporters to provide weekly data of export sales. A later GAO report, however, said that the system still does not provide timely, accurate, reliable, and complete data.

"It does not provide prospective sales information and therefore is not as effective an early warning system as needed," the agency complained. GAO suggested that the system could be improved by requiring written explanations of contract changes which "might reduce the extent of unnecessary and speculative contract changes."

GAO has kept the investigation of U.S. grain exports going in an attempt to induce the Department of Agriculture to develop a defined, long-term policy.

The office has also become involved in military issues. The Defence Department decision to rush into development of XM-1 main battle tank before evaluating the West German Leopard II ran into heavy criticism from GAO. It complained that the army was taking a crucial and costly decision based on incomplete and inconclusive information about the need and role of a tank on a battlefield that is changing with anti-tank technology.

The GAO asked wh[y] instead of relying upon h[eavy] costly tanks to meet a S[oviet] threat the army should turn [to a] different kind of force [which] would include large number[s of] antitank weapons and li[ghtly] armoured, relatively inexpe[nsive] "tank destroyers." The A[rmy] Secretary, Mr. Martin R. [Hoff]man, announced last Thur[sday] that the army's selection of [a] new battle tank would be [post]poned to allow greater sta[ndar]disation with other NATO t[anks].

The GAO prides itself on [the] millions it saves taxpayers [and] claims that the amount wa[s at] least $503m. last year alone. [The] agency's annual report says [that] in 1975 GAO recommended legislation which increased [the] rate of interest charged [on] delinquent estate taxes and [th]by added $40.6m. to the Treasury.

Other GAO recommendat[ions] last year included:

● Regulations requiring all [mail] without postage to be retu[rned] to the senders which sub[stan]tially reduced the volume [of] such mail and produced an [esti]mated saving of $11m.

● Correction of records to [pre]vent improper payment [for] unused leave upon separa[tion] from the air force—a typical [case] of attention to detail, since [the] saving was only $8,000.

● A computer programming [...] by New York City resulted [in] payment of Medicaid [...] incurred by ineligible pers[ons]. It was corrected. Estim[ated] annual saving $16m.

Mr. Staats, like the GAO [is] kept as insulated from poli[tical] pressure as is possible. H[e is] appointed by the President, [con]firmed by Congress, serves a [15-]year term, may not succeed [him]self, and can be removed [only] by a joint resolution of Cong[ress] after a hearing.

GAO officials, in intervi[ews,] appear to be genui[nely] non-partisan professionals, [un]abashedly dedicated to what [one] employee called "promoting [the] workability of good governme[nt]." He added: "Politically, if we [are] anything, we are conserva[tive] liberals."

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## OVERSEAS NEWS

# Red Cross starts taking wounded from Beirut camp

BY IHSAN HIJAZI

BEIRUT, August 3.

THE International Red Cross to-day successfully began the evacuation of wounded from the beleaguered Palestinian camp of Tal Al Zaatar located in the south-eastern outskirts of this Lebanese capital.

Under an agreement arranged by Arab League special envoy Dr. Hassan Sabry al Kholy with leaders of the main Right-wing groups yesterday, a local ceasefire went into effect this morning enabling a Red Cross team, which included Swiss and Swedish doctors and nurses, to enter the camp and start removing the wounded, beginning with the most serious cases.

Four previous evacuation attempts had failed because of continued fighting around the camp, which has been under siege by Right-wing forces for the past 44 days. The Red Cross had estimated the number of wounded at 1,000, of whom 600 were said to suffer serious injuries. Reports from within the camp, however, put the number of wounded at well over 4,000, with as many as 1,200 dead already.

Under yesterday's accord, a day time ceasefire will remain in effect at Tal al Zaatar until the Red Cross completes its mission, which is expected to take several days.

It was hoped that a successful evacuation would lead to spreading the ceasefire to the rest of Lebanon and set the stage for moves for ending the 16-month-old civil war. But political arguments and right wing insistence that the Libyan troops participating in the Arab peace-keeping force here should be withdrawn from Lebanon, have complicated matters and clouded the general atmosphere.

In addition, no steps have been taken yet to put the Syrian-Palestinian agreement on Lebanon reached in Damascus last week into effect. One reason for the delay is the current Syrian preoccupation with the formation of a new Cabinet under Major General Abdel Rahman Khleifawi. General Khleifawi was chosen by President Hafez al Assad two days ago to replace outgoing Premier Mahmoud al Ayyoubi.

Observers here found significance in the way Lebanese Right-wing newspapers have interpreted the Syrian Cabinet change. They expressed the view the appointment of a military man at the head of the Government in Damascus meant that the Syrians intended to bring about a quick military solution to the Lebanese crisis.

The observers said this perhaps explains the hardening of the Right-wing line. Other than ignoring the Damascus accord between Syria and the Palestinians, the Rightist forces, in a joint statement last night, declared that the Libyan troops in Lebanon were "hostile forces" and asked the Arab League to get them out of here forthwith.

Reuter adds: An Egyptian doctor working in Lebanon was reported to-day as saying he believes the number of wounded in the civil war could be around 150,000.

Dr. Mamdouh Mena, director of a Palestine Red Crescent Hospital in Lenabon, told the newspaper Al Ahram he was seeking more medicine and equipment from Egypt.

He is due to return to Lebanon shortly after spending seven months there, the report said.

UPI writes from Tel Aviv: A major Israeli newspaper says that Israel is secretly aiding the Christians in their fight against the Left-wing and Moslem Palestine Liberation Organisation forces in Lebanon.

"Israel is quietly supporting the Christians in Lebanon and their current military successes indicate that the Christians in Lebanon will have an important role to play in any eventual settlement," the English-language Jerusalem Post has said.

The newspaper, in a week-end review of the Lebanese situation, added "it was only a few months ago that the Christians were on the verge of collapse."

Foreign newspaper reports have said that Israel has been shipping weapons to the Christians by sea or dropping military supplies into Christian strongholds in Lebanon from the air. It was the first report by a correspondent for an Israeli newspaper that Israel was clandestinely aiding the Christian forces.

Previously, Prime Minister Yitzhak Rabin denied reports that Israel was providing anything but humanitarian support to the Christians.

A recent report in Time magazine said that Israel was also training Lebanese Christian forces on its soil.

The same report in the Post said Israel currently views the Lebanese situation as providing several short-term benefits, including weakening Soviet influence in the Middle East, because the PLO and Syria, both Soviet-supported, are fighting one another.

Israel views the PLO, which has suffered major setbacks in the Lebanese fighting, as its chief foe.

### More migrants

THE Australian Government to-day defended its decision to seek more migrants, particularly from Britain, in spite of 4.4 per cent. unemployment in the country. The decision to boost its immigration by 20,000 to 70,000 this financial year triggered widespread criticism from unions and from within Government ranks, Reuter reports from Canberra.

In a statement released here, Immigration and Ethnic Affairs Minister Michael MacKellar said it was simplistic and misleading to regard the economy as containing a fixed number of jobs, so that each new immigrant would reduce the amount of employment available.

# Ugandan Briton 'released'

NAIROBI, Aug. 3.

ONE OF TWO Britons missing in Uganda for a week has apparently been released by Ugandan authorities and is well, diplomatic sources said on Tuesday.

The Briton, 65-year-old Jack Tulley, reportedly arrested last week on spying charges, was seen alive and well in Kampala by a close friend, the sources said.

However, there was still no word about the second Briton, Graham Clegg, 38, also reported to have been arrested on July 27 in eastern Uganda. There were still widespread fears about his life after a Ugandan spokesman said he had no knowledege of either Briton.

The sources said Tulley, a long-time resident of East Africa, had not contacted either the British High Commission (Embassy) here or the British Interests Section at the French Embassy in Kampala, but they believed the report to be accurate.
UPI

Reuter adds from Pretoria: The Government-appointed commission to-day started its inquiry into the rioting in Soweto and other Black South African townships last June when 176 people died.

The chairman of the commission, Mr. Justice P. M. Cillie, outlined the terms of reference of the inquiry, then adjourned the hearing until September 7 to allow for further evidence to be obtained. The judge said the commission was not a criminal investigation.

"Its function will not be to ferret out the culprits," he said. "It is the facts in which the commission is primarily interested."

He appealed especially to Africans to come forward and give evidence and said that those who wanted their identities kept secret would be protected.

Mr. Justice Cillie said that ten volumes of newspaper cuttings were being studied and South African television had offered to screen all film taken during the riots.

ETHIOPIA'S ECONOMY

# A distant harvest

BY IAN CUMMINS

THE news of the killing by security froces of key officers in Ethiopia's military Government, and the execution by firing squad of civil servants and civilians, some of whom had allegedly attempted a coup, has overshadowed another important recent development—the detention of the Ministers of Agriculture and National Resources, and the arrest of many civil servants from these departments.

These two Ministries, above all others, are faced with the massive problems of trying to make administrative order from the chaos caused by sometimes conflicting economic directives issued by the ruling military council, the Derg. The directives have usually come in the form of proclamations. In recent months, proclamations covering almost every aspect of economic affairs—often at prodigious length and usually in language featuring a confused use of the Marxist idiom — have been showered on the people over the Government radio and through the official newspapers.

## Massacre

The cornerstone of Ethiopia's revolution, now in its third year, is rural land reform. Within months of taking power, the Derg announced a huge and imaginative programme under the terms of which every peasant farming family was to receive 10 hectares of land, to be farmed on a communal basis. Ethiopia has for centuries languished under a feudal land-owning and farming system of immense complexity. Even the late Emperor Haile Selassie believed that is was in urgent need of reform. But the Derg's proposals, essentially bold and sensible, misfired, mostly because they attempted, first, to do too much too quickly, and then, when administrative problems became apparant, because they tried to resolve them with military force and great violence.

No one, probably not even the Derg itself, knows how many people have died in the rural areas in disturbances caused by land reform. The official newspaper, the Ethiopian Herald, has spoken of the "massacre" of civil servants, zemecha (student campaigners sent to the countryside to preach the revolution), security forces, and "other progressive elements" by what it called "strong and well-armed opposition."

There is considerable truth in the Government's repeated assertions that "reactionary former landlords" seized on land reform in order to raise small peasant armies to oppose the Derg by exploiting traditional peasant fears of being left landless and thus hungry. But a more serious source of concern to the Derg is the fact that some of the 20,000-plus Farmers' Associations it organised "to educate the rural masses politically" have moved farther and faster to the left than the government either intended or can cope with. Recently, the first vice-chairman of the Derg and its most powerful member, Major Mengistu Haile-Mariam, said publicly that the revolution should not be pushed too far too soon—a point given considerable added weight because, in the same speech, Major Mengistu also spoke of the existence of seven regional rebellions.

These rebellions, have caused an officially-admitted breakdown of the distribution system, together with the uncertainties surrounding the reform programme. Food shortages in the capital, Addis Ababa, have caused the prices of some staple foods to rise by more than 100 per cent. in less than 12 months. But the agricultural news is far from being all bad: the coffee crop has been exceptionally good and is expected to realise at least £55m., and plantings of all crops is up over last year. The key question is whether the farmers will hoard or release their harvests.

The UN has repeatedly warned the Derg that Ethiopia faces "ecological catastrophe" because of the rate of soil erosion caused by tree felling. It has been officially estimated that 70 per cent. of Ethiopia's tree cover has been burnt to make charcoal in less than 30 years, and a Ministry of Agriculture official told me recently that "we shall be able to feed ourselves in Ethiopia in five years' time, but what we shall use for cooking fuel is anyone's guess." The country is, of course, still suffering from the drought which ravaged the Ogaden region and some northern provinces. Precisely how much food aid Ethiopia needs is a matter of fierce dispute between the relief agencies and the Government: the Derg has been accused by representatives of several aid agencies in Ethiopia of inflating its real relief aid needs beyond recognition.

The same kind of confusion has wrought havoc in the urban sector, too. Almost all businesses—including banking and insurance—of any size have been taken over by the Government in a series of sweeping nationalisation measures. But the Government, in a statement some months ago which surprised many and infuriated its radical left-wing opponents, said that small businesses, including street-corner shops, petrol stations and the like, could remain in private hands as they belonged mostly to the "exploited petit bourgeosie" who were not the "class enemies of the broad masses." In Addis, however, the "broad masses" have taken affairs into their own hands in several areas with chaotic results: small shops have been pillaged, petrol pump owners have been beaten up, and the owners of small manufacturing businesses have been stripped of their assets. In an angry statement, the Government warned that it would take "stern measures" against incitement to "armed robbery and disruption of the private sector of the economy." In an infinitely sad paragraph, the Government said the "broad masses" should not be deceived by those who had "misled peasants" into selling their "ploughs, oxen, carts and produce" by exploiting fears that the Derg intended to nationalise them.

Many of the Derg's difficulties spring from its expecting an already grossly overloaded civil service to respond, speedily and effectively, to directives ordering the creation of a socialist economy among a population of whom more than 95 per cent. are wholly illiterate.

## Degenerated

In the past six months, the Derg has shown signs of realising the overwhelming need for political education, on a crash-course basis, if the revolution is to make any headway and if any kind of order is to be restored to affairs. Every Government department and agency, and every factory and business office now holds two "discussion forums," each an hour long, so that employees can be told roughly where they are going politically. But as with so many Government schemes in Ethiopia, even this one has misfired: Addis Zemen, the official Amharic language paper, recently said many of these forums were "boring," and had quickly degenerated into an endless series of complaints about the military government — which is not at all what the Derg intended. Other and rather more lofty groups have also run into severe intellectual difficulties: a civil servant, asked what his group were discussing, said: "Dialectical materialism. Can you imagine talking about that when in the group you have the doorman who has one pair of boots, one pair of trousers and one coat to his name. It is unreal, totally fantastic."

# Hope at Namibia talks

BY STEWART DALBY

JOHANNESBURG, Aug. 3.

THE Constitutional Conference of Namibia (South West Africa) resumed for a fourth session in Windhoek to-day amid signs that considerable progress could be made towards some kind of Constitution for the Territory, but with no guarantees that any such Consitution will be acceptable to the South West African Peoples' Organisation (SWAPO) as to the United Nations.

The new round of talks, which start with a Committee session at the Turnhalle in Windhoek, comes against the background of a United Nations demand that free elections to determine the Territory's Constitution be held by August 31.

Most observers feel it unlikely that the talks will progress that far by the end of the month, simply because SWAPO has once again been excluded from the talks.

What is happening is that the 11 tribal or indigenous groups are participating in the talks, including the whites who number approximately 100,000 out of a total population of just under 800,000. Only one group, the Hereros, are expected to produce an actual draft Constitution during the current session, and this is thought likely to be based on proportional representation along tribal lines.

Whether this will find favour among the other groups is not clear. Another suggestion has been that an interim government could be set up reflecting the representation to the Turnhalle talks.

At the moment, the territory is administered directly by the South African Government under a mandate which dates from 1919.

The United Nations in a series of increasingly vociferous resolutions has said it no longer recognises the mandate.

One factor which might mean smoother progress than could otherwise be expected is that Mr. John Vorster, the South African Prime Minister, and other Government officials here, appear to have softened their opposition to SWAPO participation.

It has been noticed that Mr. Dirk Mudge, the Deputy Leader of the Whites, was this week in Pretoria and Cape Town for top level discussions. Mr. Mudge is the most liberal of the Whites. Mr. A. H. Du Plessis and Mr. Eben Van Zijl, his colleagues on the white delegation, who are right-wing, do not appear to have been overtly consulted by the South African Government.

# Doubts in China over earthquake precautions

BY A SPECIAL CORRESPONDENT

PEKING, August 3.

AS PEKING'S 6m. people prepare to camp out on the streets for another night, there is growing scepticism over the motives behind the extraordinary precautionary measures now being taken by the authorities here.

According to Western diplomats, the population may be living on the streets for weeks or even months because of the fear of another earthquake. But because there have been no further tremors in the capital, doubts are beginning to circulate that the vast population, sleeping and eating on the pavements, is being used in a major face-saving exercise by the Government of China.

The failure to predict the earthquake, which shattered the industrial city of Tangshan, 100 miles from here, has almost certainly erupted into a major political battle within the Chinese Communist hierarchy. And the search for scapegoats is taking momentum.

The Chinese have argued that the earthquake was "sudden" and could not be predicted. But until now, they have proudly proclaimed their ability to accurately forecast earth tremors.

They made considerable propaganda use of their forecasts of the Liaoming disaster last year, when many lives were saved because people were forewarned of the earthquake and were told to camp a full week beforehand outside on the street. Those who did not heed the warning and stayed indoors were the ones eventually to be killed in the earthquake.

This time people are on the streets for an indefinite period after the earthquake kept there by repeated official warnings of aftershocks and that the epicentre of the earthquake was possibly moving towards the capital.
(Sydney Morning Herald.)

# U.S. reassures Canberra

CANBERRA, August 3.

THE United States assured Australia and New Zealand to-day that it has the capacity and determination to match and counter any Soviet thrust to dominate the Indian and Pacific oceans, according to authoritative sources.

The assurance was conveyed to the Canberra and Wellington Governments during the opening session here of a two-day annual meeting of Defence Ministers and officials of the ANZUS treaty nations. The sources said doubt about the U.S. commitment to the treaty in the post-Vietnam era was dispelled.

New Zealand's Deputy Prime Minister, Mr. Brian Talboys, said to-night: "I am satisfied that there is continuing interest and determination by the United States to fulfil the undertaking and terms of the ANZUS agreement."

UPI reports from Moscow: The Soviet Union has attacked the Government of Australian Prime Minister Malcolm Fraser for "dangerous, adventurist tendencies," in foreign policy. Krasnaya Zveyda, the organ of the Soviet defence ministry, and several other Government newspapers carried the attack in commenting on Mr. Fraser's visit last month to Washington.

They cited the Pentagon's invitation to Australia to use the U.S. base on the Indian Ocean island of Diego Garcia for maintenance of nuclear submarines, strategic bombers and aircraft carriers and Canberra's decision to allow U.S. nuclear ships to enter Australian ports.

# Pakistan denies rumours

By Our Own Correspondent

KARACHI, August 3.

THE Pakistan Government today reacted sharply to reports that it was planning to nationalise tobacco, sugar, surgical instruments, cinemas, property or petrol pumps and further intended to demonetise currency notes.

Federal Information Minister Mohammad Hanif Khan told a hurriedly summoned Press conference in Karachi that these rumours were being spread by "anti-national elements" in a bid to divert the attention of people from the achievements of the Government during the past four and a-half years.

The rumours obviously spread following the takeover of cotton ginning, rice husking and flour milling enterprises last month. Describing the takeover as a "revolutionary measure," the Information Minister said this step had affected the members of the Pakistan Peoples' Party the most and the Prime Minister himself.

# Oman seeks self-sufficiency

MUSCAT, August 3.

SELF-SUFFICIENCY in agricultural produce is one of the main targets of Oman's five-year Development Plan for 1976-80, it was announced in Muscat yesterday. Official sources have confirmed that the equivalent of $200m. will be allocated to the agricultural and fisheries industries over this period, the major share of investment scheduled under the Plan, and that special emphasis will be placed on export-orientated projects.

By 1980 it is proposed to increase agricultural output from its present annual value of 50.5m. Omani Rials to OR133.4m. ($386m.) and to add a further 10,000 hectares of land to the 40,000 now under cultivation in the country.

In the fisheries sector, the existing facilities at Sur, Sohar and Muttrah are to be expanded, while a 300 ton cold store, ice-making units, a fish meal plant and a new jetty are planned for Sur.

This is the only part of Oman's Five-Year Development Plan to be released officially so far. The remainder should be published shortly.

# Total seeks 'special terms' in Indonesia

By Hamish Macdonald

DJAKARTA, August 3.

THE FRENCH oil concern Total is still hoping to gain special consideration from the Indonesian Government, which has issued an ultimatum seeking more revenue from foreign oil companies.

A company spokesman said here to-day Total's new discoveries in East Kalimantan, currently producing about 91,000 barrels a day had only recently come on stream.

Total had not therefore had the same benefit of more generous terms in existing contracts to recover costs from production as had other foreign enterprises working under production sharing contracts.

EUROPEAN NEWS

# Aerospatiale-Boeing deal unlikely to go through

BY ROBERT MAUTHNER PARIS, August 3.

THE FRENCH Government has still not made a final choice between two alternative projects for the construction of a new civil airliner in co-operation with U.S. companies, but it seems increasingly unlikely that the proposed deal between Aerospatiale and Boeing will materialise.

After an inter-Ministerial meeting last week to discuss the problem, the Government decided to postpone a decision until October and it is considered significant here that a scheduled meeting between the chairmen of Aerospatiale, the nationalised French aircraft manufacturer, and Boeing was subsequently called off.

Though a letter of intent between Boeing and Aerospatiale on future joint projects had been prepared by the French company and was reportedly approved by Boeing, it has never been signed and observers now consider it more likely that the French Government will plump for the alternative proposed joint venture between Dassault-Breguet and McDonnell-Douglas of the U.S.

Dassault have long been conducting exploratory talks with McDonnell-Douglas for the joint construction of a successor to the French company's Mercure medium-haul airliner, to be called the Mercure 200, which would be powered by two new CFM-56 10-tonne jet engines, built jointly by General Electric of the U.S. and Snecma, the French State-controlled aero engine manufacturer.

Aerospatiale has been offered a 30-35 per cent. stake in the proposed project, but has so far shown no interest given its own much more ambitious scheme with Boeing.

The main reason why the French Government has hesitated to give the go-ahead to the Aerospatiale-Boeing project is that the French company risks being treated as little more than a sub-contractor. Aerospatiale would build only the wings of the planned new Boeing 7N7, an improved version of the 737 short-haul airliner and would thus be in no better a position than Hawker Siddeley finds itself in the present European Airbus Consortium.

Though Boeing, in return, would agree to market current versions of the Airbus in the U.S., it is feared in France that this would be incompatible in practice with the development of the new 7N7, which would compete with the European aircraft. Nor is it considered realistic by many observers to believe that, in spite of any undertakings which might have been given in principle, Boeing would allow its French partner to have a fair share of the proposed project to build a smaller version of the Airbus—the B-10—in the U.S.

The whole problem has been further complicated for the French by the British Government's desire to join the European Airbus Consortium as a full member; but it could well be that any future British association with Aerospatiale would be facilitated if the French company's deal with Boeing were to fall through.

# Statement shortly on N-plant problems

By Nicholas Colchester

BONN, August 3.

KRAFTWERK Union, the West German power station contractor, will issue a statement at the end of this week describing exactly the problems encountered at the Biblis nuclear power plant, one of the largest in the world. Last week the owners of Biblis, Rheinisch-Westfaelische Elektrizitaetswerk, confirmed that screws had come loose in one of the pumps in the primary coolant circuit of the 1200 MW Biblis "A" block—the half of the Biblis station that has already been handed over by the manufacturers.

The Biblis reactors are of the pressurised water variety and the pump in question sends water directly through the atomic pile and is thus in the radio-active area of the system. A Kraftwerk Union spokesman said to-day that repairs to the pump were in hand but had resulted in technicians being exposed to the maximum dose of radio-activity allowed by the regulations. Such technicians will now have to work away from radio-activity for a time.

Both blocks of Biblis had been shut down for routine inspection, in the case of Biblis "A" after a year and a-half of operation and in the case of "B" after an initial test run. RWE said that cracks had been found in the feed-water containers of both power plants—a problem that is outside the nuclear area. As a result of the difficulties encountered, the shutdown of Biblis "A" will have lasted three months instead of the two months originally envisaged.

# British experts confident of neutralising 'Seveso' toxic

MILAN, August 3.

LOCAL GOVERNMENT officials to-day advised nearly 1,000 children and pregnant women to leave an area of north Italy contaminated by a poison chemical leak.

British experts here, however, expressed confidence that they would be able to neutralise the toxic effects of the chemical which belched from a Swiss-owned factory at Seveso, north of here, three weeks ago.

Lombardy Regional Health Minister Vittorio Rivolta said the new evacuation would be voluntary.

"The children will be able to return to their homes at night if they want to, but we are anxious they should be out of the danger zone during the day. . . . it is impossible to keep an eye on them all the time and they could touch contaminated crops and vegetables," he said.

Mr. Frank Jackman, of the British chemical engineering consultants Cremer-Warner and Co., said he was confident his team of experts would be able to find a way of destroying the highly-toxic chemical TCDD.

"It is possible that at least some of the people who have been evacuated will be able to return to their homes within a few weeks," he said after a meeting with local government officials here.

Signor Rivolta said a total of 739 people had been evacuated from there since the explosion at the Icmesa factory on July 10. About 20 of them were pregnant women who have since undergone a series of medical tests to ascertain whether their unborn children have been damaged by the Dioxin contamination, he said.

Signor Rivolta confirmed that Italy's Christian Democrat Government, traditionally opposed to the liberalisation of abortion, has agreed that women from the affected area should be permitted to abort if doctors find that there is a significant risk of a malformed child being born.

The British chemical experts, employed by Icmesa's parent company, Givaudan, said it could take them up to three months to decide on a comprehensive decontamination programme.

Regional officials were to-day preparing to dismantle the equipment at Icmesa's factory and summoned two company officials being held under house arrest in Seveso to come to Milan to answer questions about the exact chemicals in use at the factory.

"It is a psychological step," explained Signor Rivolta. "That factory has got to go—even if it was making children's sweets, no one would go near it now."

The Lombardy Region has also asked the central Government to pass a special law allocating extra funds to pay for the disastrous consequences of the chemical explosion.

The region has already voted L500m. (£350,000) to local communes to pay for immediate needs and will probably need much more later.

Reuter

# Economic aid offered

PARIS, August 3.

FRANCE HAS TOLD Italy's new Government it is ready to help it pull the country out of its present economic difficulties, President Valery Giscard d'Estaing's spokesman said to-day.

Presidential spokesman Xavier Gouyou-Beauchamps told reporters the aid offer was made in Rome to-day by Justice Minister Jean Lecanuet in a meeting with Italian Prime Minister Giulio Andreotti, who heads the minority Christian Democrat Administration.

M. Lecanuet, one of President Giscard d'Estaing's top three Ministers, informed Signor Andreotti of "the French Government's friendly understanding of the efforts he is making to overcome Italy's current difficulties, efforts which France is ready if necessary to aid in the framework of European solidarity," the spokesman added.

France dissociated itself from a reported agreement by leaders of the U.S., Britain, France and West Germany to cut off economic aid to Italy if Communists entered the Government.

Reuter

# Swiss move on oil cash

BY JOHN CALCOTT GENEVA, August 3.

SWITZERLAND IS asking the oil-producing countries for help in breaking, at least in part, the relentless upwards pressure on the Swiss franc.

Dr. Fritz Leutwiler, president of the Swiss National Bank, said that Switzerland has no way of telling exactly how much the member states of OPEC, the Organisation of Petroleum Exporting Countries, invest on the European market.

But the Central Bank is aware, he said, that revenue surpluses are invested on both a short- and medium-term basis in German marks and Swiss francs as well as in U.S. dollars and sterling.

"However understandable this desire to diversify currency reserves may be from the investors point of view, it is in direct contradiction to the Swiss Central Bank's traditional policy which opposes the use of the franc as an international reserve currency," Dr. Leutwiler stated.

Further, he said in an article written for the monthly bulletin of the Swiss Credit Bank, the high amounts in question cause a steep appreciation of the franc's value, and lead to a "psychological snowball effect."

"For this reason, the Swiss Central Bank is endeavouring to establish close co-operation with the monetary authorities of the oil-producing countries, who are as little interested in a rapid appreciation of the franc under concomitantly hectic exchange conditions as in Switzerland," he said.

The Swiss Central Bank has in fact already created a means whereby oil monies may be invested in medium-term notes in Swiss francs and issued by international development organisations.

"This seems to us to be a positive contribution to recycling," Dr. Leutwiler said. "The obligation upon the borrower to convert the francs into dollars takes care that these turntable operations do not have an altogether disruptive effect on the foreign exchange market."



# Kreisky problem

By Paul Lendvai

VIENNA

THE LEADER of the main Austrian opposition People's Party, Doctor Josef Taus, officially confirmed to-day that Dr. Willibald Pahr, the man Chancellor Kreisky wants to nominate as Foreign Minister of his socialist cabinet is in fact still a member of the People's Party.

# More jobless in W. Germany

By Our Own Correspondent

BONN, August 3.

THE SUMMER holiday slow-down and the outflow of school-leavers combined to push unemployment in West Germany up again in July. The Labour Office to-day revealed that the number of unemployed had risen by 24,000 to 944,600, or from 4 per cent. to 4.1 per cent. of the workforce.

The Labour Office stated that an upturn in unemployment was normal at this time of year and that when this year's development was compared with that in earlier years it still suggested that the underlying employment situation was improving.

Nevertheless, the Government must be sensitive to this small upturn shortly before a general election, particularly at a time when economic forecasters are noting that the economic upswing in West Germany appears to be slowing somewhat. It will be important to the Government's cause that the jobless figures move back downwards again after the summer hiatus is over.

# Russia turns down visit

By Michael Van Os

AMSTERDAM, August 3.

THE LEADER of the Dutch Parliament's Second Chamber, the Socialist Dr. A. Vondeling, has not received permission from the Soviet authorities for a two weeks' "private visit" to areas such as Kazachstan, the Ukraine and Siberia where he wanted to examine agricultural projects. The visit was to have preceded an official visit to the Soviet Union from August 12-20 by six Dutch MPs led by Dr. Vondeling, who is an agricultural expert and a former Finance Minister.

He has been told by the Soviet authorities that such a visit would have required six months' notice to make the necessary arrangements. Dr. Vondeling's party, which has also run into some problems concerning its desired itinerary, said to-day in The Hague that he regretted the decision

A SPANISH ROYAL TOUR

# Travels in Galicia

BY ROGER MATTHEWS, MADRID CORRESPONDENT

KING JUAN CARLOS of Spain has so far undertaken four royal tours. Three of them will ultimately demand a price from the young monarch. His trips to the north-western region of Galicia, to Asturias in the north, were to depressed areas.

Only in his visit to the relatively prosperous region of Catalonia did the king not feel it necessary to make the most basic promises regarding investment, employment, industrialisation, and social justice. In Galicia last week he was cheered, perhaps with a degree of scepticism, whenever he promised that the Government would make the region one whose sons could afford to stay there. No one within recent memory had appeared to hold out such hope to the *Gallegos*. If they live up to their reputation it is not something the king will be allowed to forget.

Galicia, scenically beautiful, greenly un-Spanish, heavily forested, is a rough square of four provinces with the Atlantic on two sides, Portugal on the third, and Spain on the fourth.

In spite of the fact that General Francisco Franco was born there (at El Ferrol) and that the remains of St. James the Apostle, Spain's patron saint, are supposed to rest there, Galicia has not prospered. Two of its provinces have lost over 10 per cent. of their population in 15 years as the people left to find work either in the partly industrialised cities on the coast, in the rest of Spain, or abroad. Those remaining, with some exceptions, are among those with the lowest per capita incomes in all Spain. In some cases, such as the province of Lugo, income per head is nearly four times smaller than that of the Madrid region. This relative poverty, which is starkly obvious in the most rural districts, was inevitably accompanied in General Franco's Spain by corresponding underinvestment in education and most social services.

The local feeling of neglect and discrimination is heightened by the strong regional sentiment that exists. Galicia has its own language, a mixture of Spanish and Portuguese and national characteristics that are recognised far beyond the borders of Spain. Its people tend to be stocky, less demonstrative than their southern brothers, women literally carry their burdens on their heads, and the skirl of bagpipes reveals the celtic origins of the population. In politics, as in business, the favourite definition of a Gallego is a man who, if met on the stairs, would never indicate whether he was going up or going down.

* * *

A royal tour in Spain is a curious mixture of pomp, informality and a level of official organisation that seems perpetually on the point of breaking down, but somehow always survives. The King and Queen Sofia are just about protected from the press of people which inevitably surrounds them but, because Spanish police have little experience of the more peaceable methods of crowd control, accompanying dignitaries often have to fend for themselves. The Minister of the Interior, Senor Martin Villa, the man ultimately responsible for security, was seen all but to disappear from view on the day when the royal couple arrived in the Galician capital of Santiago de Compostela as he battled vainly to get into his hotel. The police found their submachine guns and pistols of little value and could only watch as the minister was eventually propelled by the surging mass into the safety of the building.

Security for the King and Queen appears more distinguished by its overwhelming fire-power than it does for any other quality, although it is to be hoped that appearances are misleading. The critical problem in reconciling informality with protection for the King is the almost mediaeval quality inherent in the Spanish monarchy at this delicate political stage in the country's development. To the mass of people he is the man to whom supplications of every type can be made, a figure above the sterility of politics that they have known for so long, and someone who in his speeches appears willing, if not strictly capable, of delivering the promised land.

Whereas in Andalucia many of the people seemed content to touch the monarch as they would a religious artefact (although one less respectful Andaluz managed to remove the King's watch as he stretched out his hands to the crowd) the Gallegos were less obviously demonstrative and more positive in their demands. At the Citroen factory in Vigo the workers unabashedly asked the king to order the company to re-admit colleagues sacked for taking part in strikes. Almost every welcoming speech was devoted to explaining the economic problems of the area. After Friday's Cabinet meeting in La Coruna, a series of special measures, essentially intended to improving Galicia's serious lack of the most basic infrastructure, was announced while in Madrid concern was growing about the increasing budget deficit and the difficulties of financing it. It is Galicia's great misfortune that its problems should finally have been recognised by the regime during a moment of relative economic depression.

Church met State at the highest level on the Sunday of the King's visit when the monarch knelt before the Archbishop of Santiago de Compostela in the city's magnificently baroque cathedral, a shrine for pilgrims from all over the world. The church was packed and parts of the service drowned by shouts from those at the back who could not see and screams of "silence" from those near the altar who could. Plump wives of local officials, fanning themselves vigorously against the heat and their elegant black lace mantillas trembling with indignation, used language scarcely approved by the church to remonstrate with the world's television and Press which had been placed in so advantageous a position that it entirely blocked their hitherto uninterrupted view. One British cameraman, quickly adapting to the informality of the occasion, extracted a rapidly smothered grin from the King as, on hands and knees and accompanied by an overweight soundman with large microphone, he crawled between the chairs of the half-circle of bishops gathered around the altar to become one of the most intimately involved participants of the service. Not to be outdone a diminutive but determined nun equipped with Brownie box camera squirmed through to the altar and then, using the back of a bishop's chair as a lever, leapt repeatedly into the air to snatch pictures of the King and Royal Family seated less than 20 feet away.

* * *

As this truly memorable service was coming to a close, less than a mile away riot police in their grey-visored helmets and with tear gas and smoke bombs at the ready, were taking up position near the city's central park to quash any attempt by Galician nationalist parties to stage a demonstration. At 1.30 sharp, young people in the p[…] suddenly unfurled t[…] nationalist banners, the sh[…] for "Amnesty, liberty […] autonomy" began, and the police with their normal regard for the more civil[…] forms of behaviour, thum[…] their way to their habitual [vic]tory. A few bruised heads [...] backs, a few arrests, and opposition regrouped in a [dif]ferent part of the city to [con]tinue protests that went on in[ter]mittently for the rest of the [day]. The ugliest moment was to c[ome] when a plain clothes officer, [los]ing like so many of his [col]leagues somewhere between out-of-work labourer and a h[alf-]hearted hippie, whipped out [a] pistol and fired a couple of s[hots] into the air. A slightly lo[wer] trajectory for one of th[e] bullets and the King's visit c[ould] have been seriously blighted.

Opposition political parties [in] Galicia can be roughly divi[ded] between those that are wh[olly] regional and invariably to [the] left of the Communist party [and] those, including more specific[ally] workers' organisations, that [are] the local arm of a national fo[rce]. All parties agree on the need [for] a statute of autonomy for Gali[cia] such as was presented to [the] Spanish parliament three [days] before the outbreak of the C[ivil] War in 1936 and inevitably en[ded] with the fall of the region to forces of General Franco. Wi[thin] the National Popular Associa[tion] of Galicia (ANPC), an umbr[ella] for local parties of which [the] Union of the Galician Pe[ople] (UPG) is the strongest, ther[e is] a strong Marxist-Leninist i[deo]logy although most groups [no] longer favour violent act[ion]. Interviews with leaders of [the] ANPC are only achieved a[fter] clandestine contacts in cafés, introduction of a courier, then the inevitable smoke-f[illed] room in some back street wi[th] a ring on the doorbell bring[ing] immediate tense silence. S[ome] local observers claim that A[NPC] is growing fast in spite of close attention of the poli[ce], a view disputed wi[thin] the so-called "Taboa" of de[mo]cratic forces that links C[om]munists, Socialists and n[…] Centrist parties that are […]mately dependent on Ma[drid] discipline. The Communists, in Catalonia and the Bas[que] region, have their own inde[pen]dent Galician party, a ta[ctic] aimed at attracting and chan[nel]ling local separatist or fier[ce] regional sentiment.

* * *

The last full day of the ro[yal] visit provoked two events [that] demonstrated its increasing formality. The king, told at [the] last minute that he could [not] use his helicopter to get fr[om] Santiago de Compostela to [La] Coruna for a meeting of [the] Cabinet, borrowed the private [car] of the local civil governor [and] did the 40 twisting miles in […] minutes. The civil governor [was] later told, with due apolog[ies], that the vehicle was unusa[ble] because of an oil leak. T[hat] evening Queen Sofia, whose [ap]proachability and friendliness [is] one of the monarchy's import[ant] assets, was actually asked by [a] woman journalist whether [she] would confirm the week's m[ost] persistent rumour—that she [was] pregnant for the fourth ti[me]. "No," said the Queen defi[ni]tively, "I am not." The coll[ec]tive release of held breath [was] almost audible.

## Jailed Basques on hunger strike

MADRID, August 3.

**THIRTY-THREE members of the Basque separatist group and nine other political prisoners have started a hunger strike to protest at what they consider the limited scope of an announced political amnesty.**

**The 42 prisoners began their protest—the latest in a series in Spanish jails—by refusing to eat breakfast yesterday at the Carabanchel prison in the suburbs of Madrid, family and legal sources said.**

**King Juan Carlos' amnesty is to exclude those political prisoners convicted of acts of violence. But the Basque separatist group, ETA, had been the late General Franco's most effective opponents. They killed a dozen law officers in 1975 alone.**

**The Left-wing opposition had been calling for a total amnesty that would free all of Spain's estimated 635 political prisoners. The pardon was announced last Friday but the exact terms of the decree were not immediately published in the official gazette. And officials said no prisoners were to go free until after publication.**

**There were varying interpretations of the amnesty's reach, but officials indicated that some 200 prisoners would be released immediately and subsequent case-by-case consideration by the courts might free as many as 300 more.**

**Support for ETA in Northern Spain dropped earlier this year when ETA guerillas assassinated a 56-year-old San Sebastian industrialist they were holding for ransom.**

**The hunger strike at the Madrid prison followed a 14-hour mutiny there that began last Saturday when 300 non-political convicts took over the roof of the penitentiary. They were asking that the amnesty be extended to include them.**

***The action by the Madrid inmates set off demonstrations* of sympathy at prisons in the cities of San Sebastian, La Coruna and Cordoba. No violence was reported.**

**UPI**

# Gibraltar: new stirrings of unease

BY OUR OWN CORRESPONDENT GIBRALTAR, August 3

BRITISH Foreign Secretary Anthony Crosland has told the Gibraltar Trades Council — the Rock's equivalent to Britain's TUC — that this is not the right time for a British Government representative to visit Gibraltar to take part in constitutional discussions as suggested by the unions. What is required now, said Mr. Crosland, is a period of calm in Gibraltar during which the issues of interest and concern to the people can be discussed and fully debated in a quiet and reasonable way.

He further hopes that a general election — due in September and which the unions say should be postponed — can take place soon. There has been anxiety and concern here following a British Government rejection of an all-party plea from Gibraltar for wide-ranging constitutional reform which would have further strengthened the Rock's ties with Britain. The blunt manner in which such talks were denied, and the way reference was made to Spain, gave rise to fears here that Britain was suggesting that Gibraltarians should look to Spain in the future.

In his letter to the unions, Mr. Crosland says that the apprehension is unjustified. Britain would not be acting in the best interests of Gibraltar if it behaved in a way which made further relaxation of the Spanish restrictions less likely.

Meanwhile, in a Ministerial statement, Gibraltar's Chief Minister, Sir Joshua Hassan, said that he had every faith in the British Government. The links that join Britain and Gibraltar together are too strong ever to be broken, he said.

Sir Joshua has invited union leaders and other representative bodies to join him in preparing a memorandum on Gibraltar's decolonisation to be presented to the British Government, but the unions have been rejecting this approach saying that it is up to Britain to tell Gibraltar in which way it can be decolonised, bearing in mind that she has rejected independence, free association and integration.

Sir Joshua sees Gibralta[r's] future developing in a Europe[an] context and says he has be[en] studying ways and means [by] which Gibraltar can benefit fr[om] its Common Market links.

Spain was meanwhile beg[in]ning to realise that the Gibr[al]tarians were the most importa[nt] human factor in the centuri[es-]long Anglo-Spanish dispute ov[er] the territory.

As regards the general ele[c]tion due next month, he was n[ot] prepared to stay in office in [a] caretaker capacity, saying th[at] if the election was not held [it] would lead to the suspensi[on] of the Constitution and the i[n]troduction of Governor's ru[le] which could have dire cons[e]quences for Gibraltar.

AEG-TELEFUNKEN

Summarized consolidated balance sheet as of December 31, 1975

| Assets | 1975 Millions of DM | 1974 Millions of DM |
|---|---|---|
| Fixed assets | 1,396 | 1,390 |
| Financial assets | 1,193 | 1,031 |
| Fixed and financial assets | 2,589 | 2,421 |
| Differences arising on consolidation | 160 | 165 |
| Inventories and work in progress¹) | 1,716 | 2,112 |
| Receivables¹) | 2,767 | 2,467 |
| Liquid assets¹) | 539 | 503 |
| Current assets | 5,022 | 5,082 |
| Consolidated loss | 382 | 286 |
| | 8,153 | 7,954 |

| Liabilities | 1975 Millions of DM | 1974 Millions of DM |
|---|---|---|
| Issued share capital | 930 | 704 |
| Reserves | 594 | 498 |
| Minority interests | 67 | 67 |
| Equity | 1,591 | 1,269 |
| Liabilities long-term | 2,217 | 2,141 |
| medium- and short-term | 4,345 | 4,544 |
| Total liabilities | 6,562 | 6,685 |
| | 8,153 | 7,954 |

¹) after deduction of general provision for bad debts

Copies of the Annual Report may be obtained free of charge from AEG-TELEFUNKEN, Zentralabteilung Finanzierungen, Theodor-Stern-Kai 1, D-6000 Frankfurt 70.

Berlin and Frankfurt/M., in July 1976

ALLGEMEINE ELEKTRICITÄTS-GESELLSCHAFT AEG-TELEFUNKEN

Board of Management

# Turkish aviation project

BY METIN MUNIR ANKARA, August 3.

TURKEY has revived the project to establish an aircraft industry for the requirements of its air force, industry sources said here to-day.

The Turkish Aircraft Industry Company (TUSAS), a State-owned concern, is working on a pre-feasibility study which it will submit to the State Planning Organisation at the end of this month, the sources said.

The company plans to make its choice of the type of aircraft and begin constructing its plant within at most a year. Production is expected to start between 21 to 29 months after the plant's foundation is laid.

Government figures show that the project will cost $600m., 70 per cent. of which will be required in hard currency.

The Turkish plans to build an aircraft industry date from the early 1970s and emanate from Turkey's politically powerful army. In 1972, the Turkish Air Force Foundations was established to raise funds for the project lay plans for establishing the industry and monitor competition.

It invited bids for a two-phase programme—the first phase entailed the manufacture of 200 aircraft and the second participation by the Turkish aircraft industry in the development and production of an advanced multi-role fighter. Northrop and Lockheed of the U.S. and Hawker Siddeley and British Aircraft Corporation of the U.K. were shortlisted.

But the programme had to be shelved due to many reasons: the most prominent being political instability and the Cyprus war.

The fund, which owns 45 per cent. of Tusas' stock (the rest is owned by the Treasury), has collected about Turkish liar 2bn. ($125m.) in private donations and special taxes. It turned over its archives to Tusas, which started its operations in January this year, and is now exclusively a fund-raising organisation.

## CEA subsidiary

The French atomic energy agency (CEA) yesterday said it had formally set up a new wholly-owned nuclear industrial subsidiary, Cie Générale des Matières Nucléaires (Cogema) capitalised at Frs.4.75m. The new company is understood to have the world's largest resources of natural uranium, plus enriched uranium and reprocessing facilities, and plans to produce nuclear fuels in the near future, AP-DJ reports from Paris.

# Commission wants Farm Fund scrutiny

By Guy de Jonquieres

BRUSSELS, Aug. 3.

IN A FURTHER effort to eliminate abuses of the Common Market agricultural financing system, the European Commission has proposed that Member Governments tighten up administrative scrutiny of payments made to companies out of the EEC Farm Fund.

The proposal, which must be approved by Ministers of the Nine, would make Governments responsible for carrying out at least every two years a check on the accounts and relevant documents of all companies receiving sums of more than 100,000 units of account (roughly £40,000) from the Farm Fund.

The Community estimates that this would involve about 4,200 companies throughout the Community. Member Governments would be permitted a three-year grace period

According to the Commission, 176 cases of improper or unjustified payments out of the Farm Fund, involving a total of about 15m. units of account, have been discovered between 1971 and 1974.

# Denmark to enforce profit sharing

By Hilary Barnes

COPENHAGEN, August 3.

DENMARK'S Social Democrat[ic] Government is proposing t[o] introduce a compulsory profi[t] sharing scheme next year, a[s] part of a major economic polic[y] programme due to be put befor[e] the Folketing in September.

Details of the minority Govern[]ment's proposals are sparse, bu[t] Minisers have said the idea i[s] for the share of profits going t[o] employees to remain in th[e] company as wage-earner capital. It remains unclear whether the wage-earner capital will be administered by employees of each company separately or through a system of collective funds.

The profit-sharing scheme, which comes as a total surprise, is intended to persuade the trade union movement to exercise wage restraint. The scheme is one of eight points in an outline policy which the Government is now negotiating with four other parties

The other main points in the programme are designed to reduce inflation and improve the country's near-disastrous balance of payments deficit.

## HOME NEWS

# National Bus not prepared to cut express coaches

BY ARTHUR SMITH

THE STATE-OWNED National Bus Company is not prepared to curtail express coach services as a trade-off with British Rail for taking over unprofitable railway services.

This point was made strongly by the NBC yesterday in its response to the Government's transport policy consultation document.

Sir Richard Marsh, the outgoing British Rail chairman, has said agreement had been reached in principle that the bus company would be prepared to take over perhaps 10 per cent. of loss making passenger train services.

Such an arrangement, provided it was backed with satisfactory financing provisions, would undoubtedly meet with the approval of the NBC.

The company not only rejects suggestions put forward in the consultation document for a break-up of its organisation, but recommends that the 5,000 buses operated by the non-metropolitan district councils should be brought within its control.

Co-ordination between British Rail and the company was strengthened more than a year ago by the formation of the top-level National Standing Joint Committee.

A broad feasibility study has been undertaken of the extent to which it might be possible to substitute subsidised bus services for some local rail services.

Proposals are at an early stage but Sir Richard has suggested that trains might be withdrawn from 2,500 miles of British Rail's 11,300-mile track network. All this mileage would not be closed down as freight services might continue along some 1,000 miles of track.

The NBC says most passengers would either stop travelling or use alternatives to rail. "Withdrawal of road express services would harm an important group of people, who do not have the wish or the ability to travel long distances by other means."

The replacement of many of BR's unprofitable branch lines by bus services would be one of the most significant developments in public transport for many years.

Nobody is minimising the obstacles. The NBC and BR are likely to start detailed studies of the practicality of the concept by the autumn. A particular region, such as East Anglia, may be chosen for special study.

It might be possible to introduce the first experimental scheme next year either on a single line or on a local system of routes.

Once such studies have been completed it will be easier to estimate how widespread the replacement of trains by buses might be.

The Department of Environment, which is the sponsoring ministry for both BR and the NBC, is understood to be in favour of the plans, but the financing of the replacement services could pose problems.

Another important factor will be the extent to which trade unions support the idea. Such a project would mean a reduction of rail manpower in favour of bus services.

Advancing the case for embracing the bus undertakings of the district councils, the NBC says such a move would create a holding company with about 5,000 buses more than the present 20,000. This would not significantly increase the scale of the business but would offer many economies and prevent the duplication of services.

# Scrap trade slips into deficit

By Kevin Done, Industrial Staff

THE BALANCE of trade in scrap is unfavourable for the first time for several years. According to the British Scrap Federation, however, the present high level of stocks held in the U.K. suggests that imports will not continue at the present rate.

U.K. ferrous scrap exports during the second quarter were 149,000 tonnes, worth £7.7m.—equivalent to £51 a tonne. This represents a 37 per cent. drop in tonnage, but a 50 per cent. increase in price, compared with the first quarter. The price is moving upward, the average June figure reaching £53 a tonne.

Demand for scrap on the Continent is strong and exports for the half year were 386,901 tonnes, worth £15.99m.—averaging £41.33 a tonne—compared with 372,986 tonnes, worth £13.58m. in the corresponding period last year.

The principal customers remain Spain and Italy, but there have been steady sales to Germany, the Netherlands, France and Belgium.

However, scrap imports, mainly from the U.S., totalled 393,014 tonnes, worth £22.61m., in the first six months of the year—an average price of £57.53 a tonne. This compares with imports of only 68,240 tonnes worth £4.5m., in the same period last year—an average of £66.1 a tonne.

The industry was expecting a sharp rise in demand in the autumn, but it now expects the present plateau to continue until the end of the year.

Mr. Henry Brook, president of the British Scrap Federation, said yesterday it was unlikely that demand for British scrap would drop suddenly as it did in 1971, with the arrival of outstanding import orders.

# Assessment of chemical hazards recommended

BY RHYS DAVID

U.K. CHEMICAL companies are urged to carry out a comprehensive "safety audit" of their works to assess hazards in a guide to procedures for handling major emergencies published by the Chemical Industries Association.

The guide, given added topicality by the accident at Seveso in Italy, where a wide area has been contaminated by leakage from a chemical factory, says works should be examined to discover the potential for a major emergency as a result of fire, explosion, or release of hazardous materials.

In assessing the potential for loss or damage companies should take into account population densities in areas likely to be affected, the possibility of contaminating drains, crops and water supplies, the presence of radio-active sources and the possible effects of the collapse of tall structures.

Mr. Martin Trowbridge, director-general of the association, said yesterday the guide was drawn up on the basis of best practice in the U.K. chemical industry. It was published because although the probability of an accident in the industry was very low, the consequences could be great.

### Emergency

The association is recommending that companies should appoint works incident controllers who could take charge in an emergency.

The controller would be responsible for assessing the scale of the emergency and in the initial stage for closing down plants and evacuating them, supervising damage control operations and establishing communications.

The guide, which takes into account experience gained as a result of the Flixborough disaster in 1974, also recommends procedures for establishing the whereabouts of personnel.

The conference at which the guide was launched was told that inspectors from the Health and Safety Executive had checked a chemical plant at Bolsover, Derbyshire, where a leak of the poison TCDD — the gas which escaped from the Seveso plant — occurred in 1968.

Mr. Hugh Lewis, head of the HSE major hazards branch, said a visit was made last week to Coalite and Chemical products following the Italian accident.

The accident at the Bolsover plant, the only U.K. factory manufacturing trichlorophenol, led to the production of TCDD, but the effects were confined to the works. An automatic plant was built in 1970 incorporating new safety features including dump tanks to trap any releases of TCDD.

The association's booklet, which was prepared by its chemical industry safety and health council, is being sent to 300 member companies and to the emergency services. It will also be on sale.

*Recommended Procedures for Handling Major Emergencies: Chemical Industries Association, Alembic House, 93 Albert Embankment, SE1 7TU. £1.75*

# Overseas buyers for ship steel

SWAN HUNTER has found overseas customers for some of the thousands of tons of steel left on its hands by the cancellation of 13 Swan Maritime tankers.

The West German freighter Nordstern is due in the Tyne to-day to load just over 1,000 tons of ships' plate for delivery to West Germany.

Another 3,000 tons will be sent to Belgium next month.

Swan Hunter is liable to its suppliers to meet losses arising from the cancellations and means to get the best deals for the surplus materials before any claims are settled.

Some of the Swan Maritime steel is going into two 26,000 ton bulk carriers recently ordered from Swan Hunter by the Stag Line and the Bowring Group.

# Middle East construction

In our survey of Middle East Construction in the issue of Wednesday, July 28, there was a reference in the article on ports to Sir Brian White and Partners as consultant engineers for new berth construction at Dammam, Saudi Arabia. The correct name of the firm is Sir Bruce White, Wolfe Barry and Partners.

# High priority for social worker training programme urged

A NATIONAL programme for the training of social workers should be a major priority, according to a report out yesterday. "The long-term aim should be that all staff of the personal social services should receive training appropriate to their role."

The Department of Health and Social Security working party recommend that, as a target by the mid-1980s, half of all the workers covered by its terms of reference should have either the Certificate of Qualification in Social Work or the new Certificate in Social Services.

But the report, Manpower and Training for the Social Services, stresses that there can be no increase in present local authority expenditure, and emphasises the importance of making the best and most economical use of scarce resources of trained manpower.

Residential homes are on the high priority list for a greatly enlarged training programme because, with the exception of children's homes, they are said to be almost entirely manned by unqualified staff.

"Training policy here should recognise the vulnerability of residents in homes and the fact that many of their needs require professional skills."

The report, the result of nearly two years' work, says the right approach to training in the personal social services requires the commitment of adequate resources to in-service and further training as well as basic training.

It calls on employers to make sure that social workers only do work for which their training is appropriate.

The development of effective management, particularly in the field of professional judgment, knowledge and experience, was of high importance.

# No extra cash for young homeless, says Ennals

BY DONALD MACLEAN

THE GOVERNMENT is not prepared to encourage additional expenditure by local authorities to help young homeless people, Mr. David Ennals, Secretary for Social Services, suggested in reply to a Commons question.

He said: "In view of current economic circumstances, and the Government's call for restraint in local authority spending," there was little prospect of early implementation of proposals requiring more outlays made by the working group on the homeless young, published yesterday.

The report analyses the problems of homeless young people, and pays particular regard to the "Johnny go Home" programme by Yorkshire Television.

The working group, which consisted of representatives of Government departments and other bodies, proposes that more homes should be built for single people and restrictions on tenancies eased, and that local authorities should share the cost of special hostels.

It also recommends that information booths should be provided at Euston railway station and Victoria coach station, and that supplementary benefit offices should keep lists of "suitable" overnight accommodation to help claimants.

Mr. Ennals said yesterday that in consultation with local authorities and other bodies particular attention would be paid to what could be done to help homeless young people, in so far as it did not require additional expenditure.

# Survey on stand-by power

MORE THAN 7,200 companies in Great Britain have stand-by electricity generating plant, for use if the public supply is interrupted, according to a survey carried out by the Business Statistics Office on behalf of the Department of Energy.

Stand-by plant totalled about 1.55 gigavolt amps capacity and represented about 26 per cent. of the total peak demand on the public supply system made by the 7,222 concerns which co-operated in the survey.

*Business Monitor, M 11; SO, 54p.*

# Pension plans problem 'impossible'

By Eric Short

THE GOVERNMENT'S pension plans as embodied in the Social Security Pensions Act 1975, had overlooked the position of private schemes where the retirement age is earlier than that under the State scheme, Metropolitan Pensions Association, a leading firm of pensions consultants, claims.

This gap would put the trustees in an impossible position concerning the calculation of the lump sum commutation of pension available to members on retirement.

The rules for calculating the amount of pension which may be commuted are complex and depend on the pension a member receives at age 65—the normal retirement age for men in the State scheme—from the private scheme and what he would have received had he been completely in the State scheme.

These values were known if the member retired at 65 but were completely unknown for an earlier retirement date, MPA said. Under the Act as it stood, the trustees of the private scheme had to estimate the pension at 65, revaluing in line with the future general level of earnings.

It would be inspired guesswork if the trustees got it right for just one member.

# Cigarette advertisements 'breach code of practice'

BY KEVIN DONE, INDUSTRIAL STAFF

CIGARETTE manufacturers are regularly breaching the code of practice on advertising introduced in March, according to Action on Smoking and Health, the anti-smoking pressure group.

ASH has written to Dr. David Owen, Minister for Health, calling for legislative controls on cigarette advertising. The group is particularly critical of what it alleges are "flagrant breaches of the code" in advertisements for Rothmans cigarettes.

Mr. Mike Daube, executive director of ASH said yesterday: "A voluntary code has been tried and found wanting. There can be no effective controls on cigarette advertising without legislation.

"Dr. Owen has acknowledged that the code is not working satisfactorily, but unless he takes action now the cigarette manufacturers will be able to dismiss him as a paper tiger."

● Ken Gooding writes: Gallaher has pointed out that it has 50 per cent. of the king size cigarette market and that its share of the total market is 26 per cent., not 22 per cent. as previously reported.

# Militancy call to Liberals

THE LIBERAL Party should become militant, Mr. Cyril Smith, Liberal MP for Rochdale, said yesterday.

"I want to see it cut red tape, cut convention and stop playing according to tradition and custom," he told a London meeting of the Industrial Forum.

The Liberals should become a campaigning party, concentrating their "totally inadequate resources" on campaigning rather than research.

"I get tired of the intellectuals. The time has come when the workers should take over.

"Let us have an army of grumblers, an army of complainers, an army of demanders. Let us have people who do rather than write."

If Liberals were willingly militant and really wanted electoral reform they could put on pressure by exploiting the rules.

HOME NEWS

# State help sought for MFC plan

BY JOHN WYLES, SHIPPING CORRESPONDENT

SEA CONTAINERS Inc., the American container leasing and ship owning company, will seek Government help for its bid to breathe life into a ship transfer agreement with the ailing Maritime Fruit Carriers.

The agreement to transfer ownership of up to 20 refrigerated cargo ships (reefers) from MFC to a new jointly-owned Bermuda company is a purely paper arrangement since all of the ships are under arrest or controlled by creditor banks.

The agreement was reached last week.

Sea Containers is apparently hoping that Government endorsement of its deal involving 13 U.K. registered ships will influence some of the leading creditor banks. These have shown little sign of reconsidering plans to sell the MFC fleet.

Mr. James Sherwood, Sea Containers president, said in London yesterday, the Government ought to be attracted by the possibility that the deal would enable MFC to go ahead with tanker building orders at Belfast's Harland and Wolff yard and at Scott Lithgow on the Lower Clyde.

In submissions to Mr. Edmund Dell, the Secretary for Trade, and to the Department of Industry, Mr. Sherwood said he would be indicating how his agreement with MFC could "substantially reduce, if not eliminate" the Government's financial exposure on MFC orders.

According to Mr. Sherwood this amounted to £104m. in the form of guarantees which would certainly be called if MFC collapsed. They involved £28m. for a contract at Harland and Wolff, £36m. for a two-ship order at Scott Lithgow and £30m. at Swan Hunter. A further £10m. was at stake on reefer ships built in the past few years.

## Disputed

But this assessment of the cost of an MFC collapse is hotly disputed in Whitehall. Officials insist the maximum Government exposure is £35-£40m. A row over figures will not hinder a careful examination of the Sea Container-MFC deal, however, and Government support cannot be ruled out.

Mr Sherwood conceded yesterday that he has made little headway in persuading the banks to agree to a rescheduling of MFC's debts on the reefer ships, which he put at $117m. (£65.7m.).

He said the banks would be able to recover all their loans if the new company, Refrigerated Clipperships was allowed to get underway.

He revealed that MFC would have a 49 per cent. holding but its joint managing directors, Captain Mila Brener and Mr. Yaacov Meridor, would not be board members.

Charter deals already arranged would guarantee a regular and profitable income for the new company.

Mr. Sherwood said growth in reefer trading would double the value of the MFC vessels in three years. At present 21 of the ships were worth about $162m. In three years time their value could be $335m. which, with a debt reduction to $75m. would leave an asset value of around $260m., in which MFC would have a half share.

Sea Containers wanted to acquire as many of the ships as possible, but a charter already agreed for 8 or 10 ships would make it difficult to proceed below that number.

# MEPC arranges Euroloan for Sydney building

BY MICHAEL CASSELL

MEPC has arranged to borrow $38m. in the Euromarket to complete the funding of its Exchange Centre office development in Sydney.

The move is being seen as one of the first major signs of confidence by the international banking sector in U.K and overseas property development for over two years. Negotiation of the Eurodollar loan will come as something of a relief for MEPC, which has recently had problems in Australia, particularly with the Exchange Centre project.

When the £30m. Centre's prime tenant, Sydney Stock Exchange, decided last year to terminate its lease on part of the development, the success of the entire project was jeopardised. After a battle which went as far as the Australian Supreme Court, the Stock Exchange agreed to occupy part of the building after all, and its headquarters will take up 15 per cent. of the total development. In all 22 per cent. of the complex has so far been pre-let.

A third of the work on the Centre has been done. The development is due for completion before the end of 1978.

Mr. David Davies, MEPC finance director, said last night that the Eurodollar loan represented an expression of confidence in the property world, and had "lifted the clouds" from the company's Australian operations.

In its last financial year MEPC had to put its Australian residential development company, Middle Harbour Investments, into liquidation. With rental income from commercial developments reduced profits of MEPC Australia were hit.

# Price Code changes attacked as inadequate

By Donald Maclean

CHANGES IN the Price Code for the coming year, designed to encourage investment by manufacturing industry, fall "well short" of those needed to enable investment in the food and drinks industries to be undertaken "with confidence," the Food and Drinks Industries Council claims.

There were several reasons why prices of food and drinks would inevitably rise over the next 12 months, but the increases "will not contribute one penny" to the ability of the industries to maintain their trading position in relation to foreign competitors and so "guarantee employment," says the council.

This warning of higher prices follows that made recently by the Retail Consortium, which said that food prices might rise by 8-10 per cent. over the 12 months to the summer of next year.

"Inevitable price rises," the council maintains, "will bring political and consumer pressures for stricter price controls," but such pressures should be "strongly resisted."

Behind the council's expectation of higher prices are factors such as the decline in the international value of the pound, the U.K's relationship with the Common Market, drought, phasing-out of food subsidies and the increases proposed from April in employers' national insurance contributions.

# Leyland loan would be at 15⅞% interest

The interest rate the Government is proposing to charge on its loans to British Leyland will be "not less" than that paid by commercial concerns of the highest standing.

This means that if the loan were made now it would be at 15⅞ per cent. says Mr. Eric Varley, Industry Secretary, in a letter published yesterday.

Replying to questions put by Mr. Michael Heseltine, Opposition spokesman on industry, he says that the rate would move up or down in step with the National Loan Fund rates. He confirmed that loans would be for 20 years, as envisaged in the Ryder Report.

Mr. Varley stresses that NEB approval to finance projects on an annual basis is meant to imply longer-term support. The Government's long-term commitment to British Leyland is thought to have been troubling the Treasury, but Mr. Varley was quite unequivocal on this point.

His letter says: "When the NEB approves a programme, there can be no question of approving it in part or only for a limited part of the programme period. It must inevitably stand behind the financial commitments involved so that British Leyland in placing contracts can behave in a financially responsible way."

Mr. Varley's own part in approving projects is spelled out, making it clear that the NEB has to take projects to the Department. "The NEB in relation to each major project will report to me with their recommendations, and the productivity improvement associated with it is something I will consider very carefully before giving m[y] consent."

On strikes, Mr. Varley sa[ys] that since the well-publicised ba[d] patch in March and April th[e] record has been improving.

Manhours lost through British Leyland strikes

| | On strike | Laid idle | Tot[al] |
|---|---|---|---|
| Oct. '75 | 149,920 | 259,676 | 409,3 |
| Nov. '75 | 210,079 | 258,118 | 468,1 |
| Dec. '75 | 15,872 | 213,132 | 229,0 |
| Jan. '76 | 178,914 | 31,314 | 210,2 |
| Feb. '76 | 17,257 | 22,384 | 39,6 |
| Mar. '76 | 217,648 | 434,434 | 652,0 |
| Apr. '76 | 339,837 | 725,133 | 1,064,0 |
| May '76 | 82,409 | 61,137 | 143,5 |
| June '76 | 36,789 | 82,005 | 118,7 |

Note: 400,000 hours were lost [in] October-May period because [of] disputes external to the compa[ny].

# Biggest oil platform ready to go

LAING OFFSHORE beg[an] flooding the basin at [its] Hartlepool oil platform ya[rd] yesterday to float out one of t[he] biggest oil production structur[es] built for the North Sea. Th[e] platform, for Burmah's Thist[le] field, is expected to leave t[he] yard on Friday morning.

About 30 hours flooding w[ill] be necessary before the 35,000-t[on] structure is in a position to [be] floated out. The platform, whi[ch] has taken a year to build, is t[he] last order on the compan[y's] books, and about 1,300 men w[ill] be made redundant by the wee[k]end, some receiving up to £2,0[00] redundancy pay.

# Oil companies revise petrol station licensing conditions

BY RAY DAFTER, ENERGY CORRESPONDENT

OIL COMPANIES have revised the conditions of leasing and licensing their petrol stations after pressure from retailers.

Mrs. Shirley Williams, Prices and Consumer Protection Secretary, has accepted proposals emanating from the Office of Fair Trading which has been reviewing the supply of petrol to retailers.

The Motor Agents' Association, which represents some 17,000 outlets, welcomed the changes. "They are in line with what we have been asking for," a spokesman said.

The amendments, designed to help retailers, revise the undertakings given in 1966 by oil companies after the Monopolies Commission report on petrol supplies.

Mr. John Fraser, Minister of State, Prices and Consumer Protection, told the Commons yesterday that the undertakings on the leasing and licensing of company premises had been substantially revised to provide that:

1—No lease or licence agreement will be terminable solely on the ground that tenants or licensees have not purchased or sold a certain quantity of petrol;

2—A short-term licence issued after the death or insolvency of a tenant or licensee shall not exceed six months;

3—The holding-over of expired leases or licences shall not exceed three months;

4—Renewal or further grant of a licence shall be on terms that are fair and reasonable;

5—In the case of certain companies which issue long-term licences, disputes about the termination or non-renewal of contracts will be subject to an arbitration scheme. This scheme is still under discussion with companies.

The original undertakings were based on the recommendations of the Monopolies Commission. The main points to emerge then were:

That exclusive supply agreements should not exceed five years; a limit should be placed on the acquisition of stations by public companies; all retailers should be free to stock and sell brands of lubricants, paraffin and anti-freeze of their own choice;

No petrol supplier should accept a commission for sales by its retailers of tyres and other accessories; and that retailers on company-owned stations should normally be given leases or licences of three years' duration.

In 1968, the first revision of the undertakings led to cancellation of the section restricting the companies' acquisitions of stations. A second review, started in 1974, showed that in general the undertakings were operating satisfactorily.

Mr. Gordon Borrie, Director-General of Fair Trading, has indicated he will continue to watch closely the operation of the revised undertakings.

# Reform plan welcomed

BY MICHAEL LAFFERTY

PROPOSALS for an extensive reform of company reports recently set out in a Department of Trade discussion paper are a welcome step forward, according to the Labour Research Department (LRD), an independent trade union organisation.

The Labour Research Department believes highest priority in any new legislation should be given to additional statements on government grants, overseas transactions and future prospects, giving factual details of actual plans.

The Department of Trade's document was less than enthusiastic about requiring companies to disclose details of their transactions with the government but LRD says "this is typical of the resistence of the civil service to all attempts to publish details of government grants to particular firms. "The public is entitled to know which firms are receiving government money and how much."

The research organisation finds that the most serious fault of the Government's consultative document is its acceptance of exemptions from disclosure requirements for small companies.

"Many trade unionists work in small companies and it is essential that any improvement in the legal requirements for additional disclosure applies to to all firms."

The Hundred Group of leading chartered accountants in British industry warns that although the climate is right for further development of corporate reporting, "there is a real danger that legislation would stultify initiative and prevent desirable developments if prematurely introduced."

# Hawker man joins Rolls

The Industrial and Marine gas turbine business of Rolls-Royce (1971) is to be headed by Mr J. H. A. Wood, 43, from September 1. Mr. Wood has been director and general manager of Hawker-Siddeley Aviation, Manchester, since 1968.

Based at Ansty, near Coventry, he will succeed Mr. R. H. Robins who was recently appointed commercial director of Rolls-Royce (1971).

# Betting duty revenue up sharply

Financial Times Reporter

REVENUE from betting duty increased sharply in the second quarter of 1976, with business well up for both off-course and on-course bookmakers compared with the same quarter last year.

In June, betting duty provisionally reached £15.3m. (£12.7m. in June last year). Compared with the second quarter last year, when duty revenue remained steady, revenue in the second quarter of 1976 increased steadily from £13.6m. in April, to £14m. in May and £15.3m. in June, according to Customs and Excise figures.

Of this business, off-course bookmakers paid duty amounting to £13.9m. in June, with on-course bookmakers paying £889,000. Totalisators accounted for the remaining £532,000 of duty.

Total betting and gaming duty in June amounted to £23.5m.

# Ennals to meet doctors

BY DONALD MACLEAN

GROUPS of doctors, who have set up in rivalry to the British Medical Association in the field of doctors' representation, are to meet Mr. David Ennals, Secretary for Social Services, to-day.

It is understood the meeting will cover matters of general interest, and not specifically the question of negotiating rights.

At present, the Government recognises the British Medical Association as a negotiating body for doctors, but does not recognise the Junior Hospital Doctors' Association or the Hospital Consultants and Specialists Association (recently joined in a federation) as negotiating bodies. These associations will meet Mr. Ennals to-day.

The meeting comes as industrial action by junior doctors on over-time pay is taking place in most of the 14 regions into which the National Health Service in England is divided.

# Road bill cut

NORTHAMPTONSHIRE County Council has reduced its annual road making bill by £2m. and suspended all projects except the initial work on the new A45 Wellingborough to Northampton link road.

# Scots welcome new look at devolution plans

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT'S fresh look at its devolution plans yesterday went some way to meeting the reservations many Scots feel about the way the proposed assembly will affect their lives.

The decisions to scrap the proposal that the assembly should be able to supplement its block grant with a surcharge on the rates was welcomed.

A year of high rate increases have already focused public displeasure on the newly reorganised local authorities, and it was widely assumed that the assembly would not have the political muscle to brave a similar reaction.

However, the Government came under immediate attack from the Convention of Scottish Local Authorities and the Scottish Trades Union Congress for not offering the assembly any alternative means of raising money independently of Westminster.

This is likely to be the most contentious part of the statement by Mr. Michael Foot, Leader of the House.

The decision to devolve responsibility for Scots Private Law and the Scottish courts will find broad acceptance.

An anomaly in the original devolution White Paper was that the law, one of the most distinctively Scottish institutions, was not to be given to the assembly.

The Government's own advisers, the Scottish Law Commission, was highly critical. It was silent yesterday but its members may prefer to reserve judgment on the Government's intention to give "close, time[ly] and systematic consultations" [on] potentially contentious matter[s].

It has been a long-standing com[plaint] of Scottish lawyers a[nd] administrators that ma[ny] measures passed at Westmins[ter] have been applied to Scotla[nd] without attention to the differe[nt] legal system or the different w[ay] they would be interpreted und[er] Scots law.

The decision not to devol[ve] responsibility for the Scotti[sh] universities, which are also di[s]tinctively different from tho[se] elsewhere in the U.K., was we[l]comed by university principa[ls] who have fought hard to rema[in] under the wing of the Universi[ty] Grants Committee.

Although the Scottish Trad[es] Union Congress and the teache[rs] have argued that universiti[es] should be included with the re[st] of education in the assembly['s] powers—they expressed th[eir] disappointment yesterday—t[he] issue has not aroused pub[lic] opinion.

Battle will be joined t[his] autumn when the devolution B[ill] is introduced into the Commo[ns].

# Sold by Slater

A report concerning Slat[er] Walker Securities in yesterda[y's] Financial Times stated that t[wo] Channel Islands subsidiaries [of] the group had been clos[ed] when in fact they have be[en] sold—Slater Walker (Jersey) [to] Lazard Brothers, and Slat[er] Walker (Guernsey) to Hen[ry] Ansbacher.

# McDonnell Douglas deal would give U.K. more aerospace jobs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A MAJOR "work package" that could provide several thousand jobs for the U.K. aerospace industry over the next ten years is being offered by McDonnell Douglas of the U.S., as part of its bid to win the prospective British Airways' order for new long-range tri-jets.

In addition to offering British Airways the DC-10-30R tri-jet with Rolls-Royce RB-211 Dash 524 engines, which would provide work for more than 10,000 in the U.K. aerospace industry amounting to some £480m., McDonnell Douglas says it will also offer work on the DC-X-200, its prospective new short-to-medium range jet.

The DC-X-200 would be a 200-seat airliner which would also use the Rolls-Royce Dash 524 engine.

On both aeroplanes, U.K. companies would undertake not only engine and associated systems work, but also get other tasks in the avionics and furnishings fields, for example.

With the DC-X-200 it is also possible they could build the wings and other major parts of the aircraft.

Beyond this, McDonnell Douglas holds out the prospect of work on an eventual "stretched" version of the DC-10-30R aircraft, as well as on any derivatives of the DC-X-200 that may emerge.

A top echelon of McDonnell Douglas executives is in London this week, headed by Mr. Robert E. Hage, executive vice-president of marketing, and Mr. Ray Bates, vice-president, engineering design and development.

They are trying to clinch the British Airways order for an initial six long-range tri-jets, with the ultimate prospect of about 26 aircraft worth several hundred million pounds.

They are competing with Lockheed Aircraft Corporation, which has been offering British Airways the L-500 long-range version of the existing TriStar jet.

McDonnell Douglas made it clear in London yesterday that its offer to British Airways on the DC-10-30R tri-jet went beyond a straight sale, involving in addition a substantial work programme across a wide spectrum of the U.S. company's other programmes.

It claimed that by offering to put the Rolls-Royce RB-211 on both the DC-10-30R and the proposed DC-X-200 "no other aircraft manufacturer in the world can offer Rolls-Royce a greater future market.

"McDonnell Douglas would make available to British industry 30 per cent. of the work by value on the DC-10—engines, pylons, electrical, instrumentation and other equipment," the company said.

"This work, together with the associated indirect economic effects, would represent a cumulative increase of £480m. to the U.K. economy.

"It would provide and maintain 10,000 jobs for a period of ten years in the aerospace industry alone. It would provide another 10,000 jobs in 15 other industries over the same period.

"In addition to British Airways, McDonnell Douglas has identified 14 other airlines as potential customers for the DC-10-30R. This represents a conservative market estimate of 76 aircraft sales over the next ten years, giving a probable engine requirement of nearly 700 engines.

"The McDonnell Douglas plan also includes offering the RB-211 on the proposed "stretched" version of the DC-10 and on the DC-X-200. The latter is planned as a small derivative aircraft for which there is a clearly established market from the 1980s to the end of the century.

"McDonnell Douglas has declared its philosophy that the future of the world's aerospace industry must depend upon international co-operation and enterprise," said the company.

"A prime example of this philosophy is the on-going joint development of the Harrier between Hawker Siddeley and McDonnell Douglas. Well over 300 of these aircraft are likely to be ordered by the U.S. Marine Corps and the U.S. Navy. The U.K. will be carrying out half of the work involved."

Mr. Hage commented that so far as the DC-X-200 was concerned, McDonnell Douglas could see a market for 40 to 50 of this type of aeroplane in the U.K. British Airways' European Division might need about 30.

# Marisat Atlantic satellite now in full service

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.S. Comsat General Corporation is now providing full communications services to commercial shipping and offshore industries via the Marisat satellite stationed over the Atlantic Ocean.

Telex services were begun between ships and shore via Marisat last week, after authority granted by the U.S. Federal Communications Commission. The FCC had earlier authorised Comsat General to provide telephone service between eships and shore via Marisat.

The Atlantic satellite, launched in February, is the first in the new maritime communications satellite system called Marisat, designed to provide modern, high-quality communications for the U.S. Navy and commercial maritime users.

A second Marisat launched in June is on station over the Pacific, and is expected to be placed in full commercial service within the next month.

The Atlantic Marisat can serve an area extending from the U.S. East and Gulf coasts to the Gulf of Oman, linking ships and offshore facilities with the world's existing telecommunications networks.

More than 20 commercial ships are at present equipped with on-board terminals to operate with the Marisat system, and orders are pending for facilities on additional ships, as well as on offshore drilling facilities. Comsat General can sell or lease, install and maintain these facilities.

Shore stations for the Marisat system are located at Southbury, Connecticut, for operation with the Atlantic satellite, and at Santa Paula, California, for use with the Pacific satellite.

# Mr. Peter Anderson

MR. PETER ANDERSON, chairman of Carpets International since 1971, who died suddenly in Durban, South Africa, this week, aged 65, will be remembered by a far wider circle of friends than those in the carpet industry.

He spent the whole of his working life in the industry. He was a member of the Stourport family carpet business Anderson and Lawrence, which joined with Carpet Manufacturing, later to become Carpets International.

Mr. Anderson was a keen tennis player and became Worcestershire champion four times.

He leaves a widow, Pat, two sons and two daughters.—P.C.

CBI INDUSTRIAL TRENDS SURVEY

# Investment 'starting to rise'

BY KENNETH GOODING

INVESTMENT by manufacturing industry is now probably beginning to increase again and could rise quite rapidly through 1977, according to the Confederation of British Industry's analysis of its latest Industrial Trends Survey.

The other main features of the July survey are:

● Business confidence is recovering and is well-spread.

● The level of activity in manufacturing industry as a whole is improving as trends in new orders and output strengthen.

● The recovery *is not far* advanced. Below-capacity working continues for almost three-quarters of all companies in manufacturing industry and shortage of orders or sales is likely to limit production for a similar proportion over the coming months.

● The period of rapid reduction in numbers employed and in stocks has ended.

● Trends in exports are again encouraging.

The CBI points out that the survey was completed just one *day before details of* the latest public expenditure cuts and the proposed increase in the employers' national insurance contributions were known.

But results of past surveys indicate that capital spending should either have started to rise or to be about to begin to rise and the July survey suggests that the volume of investment can be expected to be from 10-15 per cent. higher in the 12 months ending September 1977 than in the previous year.

## Important

On expectations at the time of completing the survey the increase between the fourth quarters of 1976 and 1977 could be higher than this at between 20 and 25 per cent.

The most important factor likely to limit capital expenditure authorisations over the next year is that 74 per cent. of companies say they have adequate capacity to meet expected demand.

It is the larger concerns which have become less likely to have adequate capacity.

Fewer respondents to the survey than in the recent past expect investment to be constrained for internal financial reasons.

Also, 21 per cent. of companies indicate that there are no significant constraints to investment authorisation over the next year—a *high figure* compared with those for the last two years.

"We believe that by the end of 1977 manufacturing investment could have regained its average 1970 levels," the CBI says.

"That in itself may sound less than totally impressive, but when considered against the present levels to which companies have been forced to reduce capital spending it represents a very considerable increase — and a very considerable act of faith."

## Encouraging

The CBI maintains it is especially encouraging that the survey again shows export trends to be "very favourable."

In expanding world markets, British goods enjoy increased competitiveness, following the depreciation of sterling.

"The results indicate that, mainly among the larger companies, this is being used at least in part to improve the rate of return on overseas sales."

"It seems possible that some smaller companies have not yet taken advantage of the scope provided by the fall in the value of the pound for further increases in export volume and/or sterling prices."

Optimism about export prospects is supported by encouraging trends in the value of new export orders and of deliveries.

*Looking ahead* four months, the balance of companies forecasting an increase in export orders, while slightly lower than the April survey, is otherwise higher than any recorded in more than three years.

## Welcome

These welcome trends in exporters' optimism have become fairly general throughout manufacturing industry.

Among the groups which nevertheless stand out are the largest companies, the producers of consumer goods (with capital goods manufacturers not far behind) and companies in textiles, metals and metal manufacture, vehicles, printing and publishing and electrical engineering.

Of the factors likely to limit new export orders over the next four months, the main one is the problem of U.K. prices relative to those of overseas competitors.

But the number of companies referring to this is the lowest in 21 months—although only slightly below the April figure.

The survey shows that optimism about the general business situation is more widespread in manufacturing industry than it has been since the pre-oil-crisis days of 1973.

"It is known, however, that a significant proportion of participants reply in terms of level of, rather than change in, optimism. This very much supports the view of returning confidence," the CBI comments.

The improvement in confidence can be associated with some improvement in the level of activity in manufacturing industry. However, the CBI stresses that the latter recovery is not yet far advanced.

"Working below a satisfactory full rate of operation is now no less widespread than at the lowest point of the last cycle in January 1972 and more widespread than at any time in the 1960s.

"It is against this background that the brighter trends in new orders and output should be seen."

The balance of companies forecasting an increase in the value of new orders is the most encouraging since the April 1973 survey.

It is also among the highest on record, although inflation distorts this comparison and, indeed, means that the real position on orders now is less buoyant (although still strong) than the survey results appear to suggest.

There is, says the CBI, "a very tentative implication of some slight easing in the pace at which demand is recovering."

## Shortage

An important element in the improvement in manufacturing activity has been the end to massive destocking. The trend towards at least modest stockbuilding is expected to continue.

Of the factors likely to limit output over the next four months, shortage of orders or sales remains by far the most widespread.

Nevertheless, the number of references to this constraint has fallen since the April survey in all of the broad industry groups except for electrical engineering, where it has remained unchanged, and building materials, where it has risen quite sharply.

"Although the hard data supplied by this survey does not support the *impression* given by some anecdotal evidence that supply constraints are emerging with alarming speed, it equally provides no grounds for taking a wholly relaxed attitude."

The survey confirms the CBI's judgment in April that the period *of rapid labour shedding has* come to an end. To the extent that it continues, it is very much a feature of the largest companies.

"If past relationships hold, we would expect the seasonally-adjusted index of manufacturing *employment (when eventually* published) to have fallen by not more than 0.5 per cent. between February and June and we would expect it to remain more or less unchanged between June and October."

## Upswing

Summing up, the CBI says the results of the survey show the recovery in manufacturing industry to be under way. By and large, companies are becoming busier.

"It must again be emphasised *that this improvement* is from a very low level indeed and even now, several months into the cyclical upswing, the level of capacity utilisation appears no better than was experienced at the trough of recent and milder recessions.

"The expansionary phase of the cycle is in its infancy and, further, there are hints in some of the forward-looking series that the initial pace of recovery may slacken somewhat.

"However, so far so good."

# Details of trends

TOTAL TRADE—1,883 respondents. All figures are percentages based on a weighted sample. Figures in parentheses show the response to the survey carried out last April.

| | More | Same | Less |
|---|---|---|---|
| Are you more, or less, optimistic than you were four months ago about the general business situation in your industry | 38 | 55 | 7 |
| | (34) | (56) | (10) |

| Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on: | More | Same | Less | N/A |
|---|---|---|---|---|
| (a) Buildings | 21 | 43 | 24 | 12 |
| | (20) | (29) | (29) | (12) |
| (b) Plant and machinery | 45 | 35 | 20 | 1 |
| | (41) | (32) | (26) | (1) |

| | Yes | No | N/A |
|---|---|---|---|
| Is your present level of output below capacity (that is, are you working below a satisfactory full rate of operation) | 72 | 27 | 1 |
| | (76) | (23) | (1) |

Approximately how many months' production is accounted for by your present order book or production schedule:

| Less than 1 | 1-3 | 4-6 | 7-9 | 10-12 | 13-18 | More than 18 | N/A |
|---|---|---|---|---|---|---|---|
| 11 | 41 | 16 | 3 | 2 | 2 | 4 | 21 |
| (12) | (40) | (14) | (5) | (2) | (2) | (3) | (22) |

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

| | Trend over past four months | | | | Expected trend over next four months | | | |
|---|---|---|---|---|---|---|---|---|
| | Up | Same | Down | N/A | Up | Same | Down | N/A |
| Numbers employed | 20 | 45 | 35 | — | 22 | 62 | 17 | — |
| | (13) | (43) | (44) | (—) | (17) | (62) | (21) | (—) |
| Value of total new orders | 50 | 31 | 16 | 4 | 51 | 39 | 6 | 4 |
| | (44) | (31) | (20) | (5) | (49) | (38) | (8) | (4) |
| of which: (a) domestic orders | 44 | 33 | 19 | 4 | 44 | 44 | 9 | 4 |
| | (38) | (34) | (24) | (5) | (38) | (46) | (11) | (5) |
| Value of output | 59 | 28 | 12 | 1 | 63 | 30 | 7 | 1 |
| | (57) | (29) | (14) | (1) | (64) | (29) | (7) | (1) |
| Volume of output | 35 | 47 | 18 | — | 43 | 47 | 10 | — |
| | (32) | (43) | (24) | (1) | (37) | (51) | (11) | (1) |
| Value of domestic deliveries | 53 | 32 | 14 | 1 | 56 | 25 | 8 | 1 |
| | (48) | (32) | (18) | (1) | (52) | (37) | (10) | (1) |
| Stocks of: (a) Raw materials and brought in supplies | 32 | 45 | 22 | 1 | 30 | 51 | 17 | 1 |
| | (24) | (46) | (29) | (2) | (25) | (57) | (16) | (2) |
| (b) Finished goods | 25 | 43 | 22 | 10 | 25 | 50 | 14 | 11 |
| | (24) | (43) | (23) | (11) | (22) | (53) | (14) | (11) |
| Average costs per unit of output | 84 | 14 | 1 | 1 | 82 | 15 | 2 | 1 |
| | (83) | (15) | (1) | (—) | (82) | (16) | (2) | (—) |
| Average prices at which domestic orders are booked | 63 | 33 | 2 | 2 | 60 | 27 | 1 | 2 |
| | (60) | (34) | (4) | (2) | (66) | (30) | (2) | (2) |

What factors are likely to limit your output over the next four months:

| Orders or sales | Skilled labour | Other labour | Plant capacity | Credit or finance | Materials or components | Other |
|---|---|---|---|---|---|---|
| 75 | 16 | 3 | 13 | 4 | 10 | 5 |
| (82) | (13) | (3) | (8) | (4) | (7) | (3) |

Factors likely to limit your capital expenditure authorisations on buildings, plant and machinery over the next 12 months:

| | |
|---|---|
| (a) I have adequate capacity to meet expected demand | 74 (82) |
| (b) Although I have adequate capacity, I have also capital investment opportunities which would be profitable at the present cost of finance, but I shall not be undertaking some of them for the following reason or reasons: | |
| (i) Shortage of internal finance | 9 (15) |
| (ii) Inability to raise external finance | 1 (4) |
| (iii) Shortage of managerial and technical staff | 2 (2) |
| (iv) Shortage of labour | 1 (1) |
| (v) Other | 5 (4) |
| (c) My capacity is not adequate to meet expected demand but I do not intend increasing my capacity. This is for the following reason or reasons: | 4 (1) |
| (i) Not profitable because of the cost of finance | (1) |
| (ii) Shortage of internal finance | 1 (1) |
| (iii) Inability to raise external finance | — (—) |
| (iv) Shortage of managerial and technical staff | — (—) |
| (v) Shortage of labour | — (—) |
| (vi) Other | 1 (—) |
| (d) *None of the above is applicable* | 21 (17) |

## Export trade

Firms completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1,436.

| | More | Same | Less |
|---|---|---|---|
| Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago | 28 | 62 | 10 |
| | (40) | (49) | (12) |

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

| | Trend over past four months | | | | Expected trend over next four months | | | |
|---|---|---|---|---|---|---|---|---|
| | Up | Same | Down | N/A | Up | Same | Down | N/A |
| Value of new orders received for exports | 53 | 29 | 15 | 3 | 48 | 40 | 9 | 3 |
| | (46) | (31) | (20) | (3) | (53) | (35) | (9) | (4) |
| Value of export deliveries | 57 | 32 | 10 | 1 | 56 | 34 | 9 | 1 |
| | (54) | (30) | (14) | (2) | (59) | (30) | (10) | (1) |
| Average prices at which export orders are booked | 62 | 32 | 3 | 2 | 63 | 32 | 3 | 2 |
| | (57) | (34) | (5) | (4) | (59) | (35) | (3) | (4) |

What factors are likely to limit your ability to obtain export orders over the next four months:

| Prices (compared with overseas competitors) | Delivery dates | Credit or finance | Quota and import licence restrictions | Political or economic conditions abroad | Other |
|---|---|---|---|---|---|
| 46 | 19 | 11 | 15 | 45 | 15 |
| (48) | (12) | (9) | (15) | (50) | (14) |

APPOINTMENTS

# Delta Metal group changes

The DELTA METAL COMPANY has made the following changes in its Building Products Division: Mr. P. J. Daglish has been appointed deputy chairman. Mr. D. Flynn will become managing director, Conex Sanbra from September 1 and Mr. J. G. G. Wright is to be managing director, Delglo Appliances from that date. Mr. I. R. Beattie leaves the company at his own request on September 3 to take up another appointment. Mr. Daglish, in addition to his present responsibilities, becomes chairman of the fittings sub-division, comprising Conex Sanbra, Bolivar Stamping Company and Delta Capillary Products.

*

Mr. Alexander Balfour has become chief executive of the LONDON CO-OPERATIVE SOCIETY on the retirement of Mr. Duncan McNab. Mr. Balfour was chief executive of Enfield Highway Co-operative Society before coming to London as chief executive officer designate in January.

*

Mr. L. E. Carpenter, managing director of EMI SOCIAL CENTRES, has widened his responsibilities to include EMI Social Sales (formerly Telebingo). Mr. I. E. Simpson and Mr. D. J. McCallion become joint assistant managing directors of EMI Social Centres.

Mr. Roberto O. Lopez has been appointed managing director of EMI-ODEON, Chile, succeeding Mr. Oscar Gibson who has retired after 33 years with the EMI Group. Mr. Lopez was formerly executive director of the Argentine company, EMI-Odeon SAIC.

*

LONGMAN GROUP has made a number of senior management changes and appointments. Mr. J. F. G. Chapple, who has been chairman for the last four years, has become non-executive chairman. Upon Mr. Chapple's retirement at the end of the year Lord Allan of Kilmahew, a non-executive director, will become non-executive chairman. Mr. T. J. Rix has been appointed chief executive of the group and remains, as does Mr. W. A. H. Beckett, a joint vice-chairman.

The group's divisional managing directors, Mr. R. G. B. Duncan (Medical); Mr. R. A. Hobbs (Longman Distribution and Services); Mr. W. P. Kerr (Australasia and Far East); Mr. D. J. Mortimer (English Language Teaching); Mr. P. J. Munday (Journals); Mr. C. J. Rea (Africa and Caribbean); Mr. R. P. Watson (Schools); Mr. R. D. Welham (University and Post School) have been appointed full directors of Longman Group, as have Mr. M. G. P. Wymer (group sales director) and Mr. J. D. Williamson, who has been appointed finance director.

*

*Three appointments have been* made to the Board of PA INTERNATIONAL MANAGEMENT CONSULTANTS. They are Mr. K. B. Hampton (personnel services), Mr. D. L. Hodgson (U.K. South) and Mr. K. M. Simpson (telecommunications division).

*

Mr. Stanley Berwin has been appointed a non-executive director of MOSS BROS. Mr. Berwin has been advising the company in a consultative capacity for some time, working closely with Mr. Harry Vanson, chief executive. Mr. Peter J. Moss has been appointed an executive director.

*

Mr. G. W. Carr is to become director and general manager of HAWKER SIDDELEY AVIATION, Manchester, on September 1 in place of Mr. J. H. A. Wood, who is leaving the company to take up another appointment. Mr. N. V. Barber will succeed Mr. Carr as executive director and general manager, Hawker Siddeley Aviation, Brough.

# Pace of recovery 'has slowed in Scotland'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE PACE of the recovery in Scotland has slowed after the initial burst in the first quarter of the year, the CBI industrial trend survey for Scotland shows.

The results, released yesterday in Glasgow, show that fewer companies expect a rise in the value of new orders in the coming months than did in April.

The proportion working at below full capacity has also slumped back to 70 per cent., although the Confederation believes the low April figure of 61 per cent. may have been the result of statistical errors.

Mr. Charles Wallace, past chairman, said he was not surprised at the levelling-off, since initial rates of expansion were rarely maintained as an upswing developed.

"We are definitely on the upswing now, although it will be slower and surer than we first thought."

Spare manufacturing capacity in Scotland is expected to be adequate to meet increases in demand for the next year, indicating that investment may be slow to pick up.

## Assessment

Mr. Wallace said that industry ought to be given credit for caution. "Investment which obviously is not being made for sound commercial reasons is very questionable."

The survey also confirms a recent Government assessment that Scotland is lagging behind the rest of the U.K. in the recovery.

The CBI attributes this to the later timing of the Scottish business cycle because of a heavier weighting towards the manufacture of capital, rather than consumer, goods.

But it predicts that the turning point in unemployment could come sooner in Scotland than in England, perhaps as a result of increased demand from the non-manufacturing sector.

Scottish businessmen indicated that they were less optimistic about the future than their English counterparts: only 27 per cent. said they were more confident now than they had been four months ago.

Fewer said they intended to buy new plant and machinery within the next year.

Half the companies questioned said they had work for only three months or less in their order books, and 78 per cent. said they had orders for less than a year.

# Midlands exports push ahead

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

THE 37 per cent. increase in insured exports from the Midlands achieved last year, is being repeated this year, the Export Credit Guarantee Department estimates.

"I see a lot of professionalism in exporting from the Midlands, and this is reflected in an expansion some 10 per cent. faster than the U.K. average," Mr. Frank Wilmot, director of the ECGD's Midland office said yesterday.

In the year to last March, insured exports rose to £1.47bn. from 1,500 companies, many of them medium and small.

The department estimates it covers half the exports from the East and West Midlands, and the total contribution of the area, is reaching £3bn. annually.

While value increases reflect price increases, a growing number of companies are significantly expanding volume exports and the ECGD sees evidence of this trend continuing.

Year-on-year figures for insured exports show Birmingham and Solihull at £620m. (£350m. in 1974-75) from 310 exporters. The Potteries £60m. (£35m.) from 115 exporters. Leicestershire £140m. (£130m.) from 240 exporters, Wolverhampton £40m. (£25m.) from 45 exporters, and Nottinghamshire £90m. (£60m.) from 135 exporters.

## Centre moved

INTERNATIONAL Marketers (London), of Bridge Road, Chertsey, Surrey, has transferred its Midlands spares and service centre from Barby, Warwickshire, to Inmalo Works, Station Road, Watford Gap, Northampton.

PARLIAMENT

# Japanese TV import fears discounted

Financial Times Reporter

FEARS OF a big increase in imports of Japanese colour television sets into Britain in the second half of this year were discounted by the Government in the Commons yesterday.

Mr. Michael Meacher, Under-Secretary for Trade, told MPs "We have been in touch with the Japanese about their plans for imports of colour televisions into Britain, and they have told us they do not expect any sudden increase in their exports in the second half of this year."

He stated that 51,728 colour sets were imported from Japan in the first six months of this year, compared with 70,535 in the corresponding period of 1975. Discussions were currently taking place with the Japanese about their expectations for portable monochrome sets.

Asked if he had any plans for the imposition of import controls on cars coming into Britain Mr. Edmund Dell, Secretary for Trade, stated: "I have no plans for the imposition of import controls but I am keeping a careful watch on the trend of imports for cars into the U.K."

# Plea for welfare of pupils

THERE WAS noisy Tory reaction in the Commons yesterday when Mr. Fred Mulley, Education Secretary, said that his first concern in the Tameside affair had been the welfare of the children.

In a statement following Lords' ruling, Mr. Mulley commented: "It is for Tameside to decide what now has to be done to achieve the most orderly possible start to the new school year in September.

"I trust that all parties involved will make the educational welfare of the children their first priority," he declared.

Mr. Norman St. John-Stevas, shadow Education Secretary, agreed that the important thing was the education of the children.

He asked Mr. Mulley to persuade teachers in conflict with the council to forget the past and do their best to make the selection procedure a success.

Mr. Mulley replied that if the parties got together, they could probably resolve their difficulties but it was essentially for the parties concerned.

Mr. Christopher Price (Lab., Lewisham W.) claimed that Law Lords had "usurped the power of Parliament" by widening the law.

A call for Mr. Mulley's resignation as "the only honourable course" came from Mr. Ian Gow (C., Eastbourne).

# Foot rejects claims of devolution critics

THE GOVERNMENT'S latest devolution proposals were welcome but of limited value, Mr. William Whitelaw, Conservative deputy leader, said in the Commons yesterday.

He added: "The opportunity for conflict and the inevitable increase in bureaucracy contained in the Government's original proposals remain, and they are still as objectionable as ever."

Mr. Michael Foot, Leader of the House, replied: "Far from proposing to increase bureaucracy, we are proposing an increase in democracy. That is one of the main reasons for the whole devolution programme."

Mr. Foot said the best way of proceeding with proposals for devolution to the English regions would be to publish a document on the subject roughly at the same time as the Government introduced its Devolution Bill.

Mr. Whitelaw had urged him to confirm that the very brief references to the English regions meant that "this insane proposal" was being decently buried.

Mr. David Steel, Liberal leader, welcomed the improvements, particularly those which the Liberals had asked for, in removing the so-called "Governor-General" powers of the Scottish Secretary.

On the decision not to allow the assemblies to make a surcharge on the rates, he suggested that the Government should look at methods of sharing oil revenues which were applied in American states.

Mr. Steel asked for an assurance that plans to allow certain large constituencies to have three members had nothing to do with the coincidence that most of the larger constituencies happened to be Labour-controlled.

Mr. Foot replied about three-member constituencies that the point "had not even crossed our minds." Many of the most outlying areas would have an advantage from the decision to allow at least two members from each Parliamentary constituency.

When MPs had studied the proposals, they would recognise how determined the Government was to carry through the project to

MR. WILLIAM WHITELAW
"Limited value."

serve the interests of the whole of the U.K.

Mr. Foot said it would not be a sensible arrangement to take up Mr. Steel's suggestions on North Sea oil. The Government believed that oil belonged to the whole of the U.K.

Mr. Enoch Powell (UUU, Down) asked if the Government had given further study to the problem of representation of Scotland in the Commons, bearing in mind that matters at present debated by MPs would, under devolution, be transferred elsewhere.

Mr. Foot replied that he recognised the importance of the subject. It would be a matter for debate under the Bill.

Mr. Tam Dalyell (Lab., West Lothian) said the Scottish Assembly would be false if it was not responsible for raising its own money. Future Scottish affairs, such as the modernisation of hospitals, the building of schools and the repairing of roads would be blamed on the insufficiency of the block grant and the "parismony of the English Treasury."

Mr. Foot said that when the assemblies were given their powers they would wish to use them to the full in the interests of their people. "If we were to follow Mr. Dalyell, the wrecking of the U.K. would be a certainty."

Mr. George Reid (SNP, Stirling East and Clackmannan) said that access to Scotland's own natural resources was needed, and power in fiscal areas and trade.

Mr. Foot replied: "What you want is separatism and there is no element of that in our proposals at all. What you want is something quite different from what we are aiming at or what will be in the Bill when it comes before this House."

Mr. Donald Anderson (Lab Swansea E) accused Mr. Foot of building "constitutional castles in the air." The statement would be seen as a clarifying and tidying-up operation, but it was still academic in the worst sense.

"There is no support in the House for this measure." The people of Wales and Scotland should be given a chance to express their view in a referendum, he argued.

Mr. Foot said the matter had been included in the Labour Party's last election manifesto.

A recent Labour Party meeting in Wales had given overwhelming support for the Government's proposals. The Welsh TUC had also backed them. He rejected the idea of a referendum.

Replying to Lord James-Douglas-Hamilton (C Edinburgh W), who joined the call for a referendum, Mr. Foot said that as much time would be spent talking about the referendum as about devolution itself. It was not the right way to proceed. Some people were saying he would not get the Bill through. "I was told that a few weeks ago about some other Bills."

Mr. Iain Sproat (C., Aberdeen S.) told Mr. Foot the Bill was "a dead duck even before you start." The "appeasement" that the House was listening to would lend even greater strength to the opinion that a Scottish Parliament would be "a start down the slippery slope to separatism."

Mr. Foot said that far from being injurious to the U.K., the way the Government proposed to proceed was "the only way the U.K. can effectively be kept together."

Mr. James Sillars (SLP, Ayrshire S.) said it was clear from past debates and from this afternoon's questions that the Government would need a guillotine to get the Bill through.

He suggested Mr. Foot should now start discussing a reasonable timetable for the Bill that would guarantee its passage. "No guillotine means no Bill and no Bill means no Labour Government."

Mr. Foot replied: "It is premature to debate guillotines. The House knows how reluctant I am to use guillotines."

Mr. Julian Amery (C. Pavilion) asked Mr. Foot to pay special heed to the warm response given by MPs to Mr. Dalyell's remarks. "There is no conceivable majority for legislation, either on the basis you have put forward or anything remotely similar."

Mr Foot replied that Mr. Amery should read what former Tory Leader, Mr. Edward Heath had said about devolution to see what support there was for it among Conservatives. "There is to be no abandoning by the Government of this proposal."

The Government would carry out its election manifestos. "It would be a gross breach of faith if we were to go back on it and we have no intention whatsoever of doing so."

# Mrs. Thatcher seeks immigrant figures

MOST PEOPLE in this country were worried about the number of immigrants entitled to come to Britain, and their worries would continue until the exact numbers were known, Mrs. Margaret Thatcher, Opposition leader, said in the Commons yesterday.

She criticised the Prime Minister, Mr. James Callaghan, for accusing another Conservative MP of trying to make party points when raising the question of immigrants' dependants.

"What is party political about asking the Government the facts about the number of dependants entitled to come here?" she demanded.

Mr. Callaghan replied: "There is nothing party political about that. There is nothing objectionable about asking questions on numbers." But he advised the House to wait until Lord Franks had completed his report on the subject of a possible register of dependants entitled to come to this country.

Mr. Jonathan Aitken (C., Thanet E.) urged Mr. Callaghan to resolve the growing uncertainty and confusion on the question of dependants.

Its immigration policy would remain a chaotic and contentious shambles so long as the Government was unable to give an accurate estimate of the number of Commonwealth immigrants entitled to come here, he declared.

Mr Callaghan said he did not accept Mr. Aitken's remarks The rules were "pretty clear." He had always taken the view that the numbers entering this country were an important element in racial harmony.

Commenting on those immigrants already in this country, Mr. Callaghan said that, having seen the assiduous way they applied themselves, especially Asian businessmen, he wished that some of our native-born people would do the same.

# Heffer indicates Left's worries over Government jobs strategy

LEFT WING criticism of Government measures to relieve unemployment among young people was voiced by Mr. Eric Heffer (Lab., Walton) in the Commons yesterday.

Mr Heffer declared: "It is an absolute absurdity that the Chancellor of the Exchequer comes to the House and advocates cuts in public expenditure which will put building workers and other workers out of work and on the following day the Employment Secretary comes to the House and puts a patch on an open wound.

"It is time that the Government reconsidered its whole industrial and economic strategy. Let's get back to a policy of full employment."

Mr. Albert Booth, who was also attacked by the Tories for only dealing with the problem on a short term basis, argued that a recession affected young people more seriously than others in the community, and there was a special case for helping them.

He said the measures should help about 60,000 young people to get jobs, training or work experience in the next year.

In a £5.4m., six-month scheme, the present £5 recruitment subsidy would be replaced by a £10-a-week payment.

About 30,000 young people might also benefit from a £19m. work experience programme under urgent preparation by the Manpower Services Commission.

Mr. Booth claimed it would be possible for an extra 3,000 young people "below skilled level" to complete training courses this year.

The Government was considering urgently whether a scheme, involving a Government allowance, could be devised to enable workers close to pension age to leave and release jobs for young unemployed.

But he warned that such a scheme presented substantial operational difficulties and it was not certain that practicable and cost effective arrangements could be worked out.

Mr. James Prior, shadow Employment Secretary, gave the new measures guarded support, but also described the Government's approach to the problem as "complacent and characteristically lacking in foresight."

MR. ERIC HEFFER
"Patch on open wound."

Mr. Prior said there were probably 500,000 people under the age of 20 who were out of work and Tories believed that what was required was a long term plan. Short-term piecemeal plans were not enough.

What was needed was greater work experience and training schemes and less costly schemes of job creation.

Mr. Booth shaid it was unfair to accuse the Government of lack of concern and foresight when they were announcing new measures which built up to the biggest package introduced this century. He admitted they were short-term measures, but they were set in the context of longer term ones.

Mr. Booth said it was unfair present recruitment subsidy had been paid in respect of 29,000 school-leavers, but experience of the scheme suggested that better results were likely to be achieved by concentrating the subsidy on all longer-term unemployed young people.

The numbers assisted by the new scheme were likely to be as great as those who had been helped by the present one.

Mr. Booth said that the Manpower Services Commission was urgently working out arrangements for a work experience programme designed to give young people a realistic introduction to the requirements, disciplines and satisfactions of working life.

The CBI and TUC had indicated their full support for a programme of this kind, subject to the practical arrangements being worked out satisfactorily. Projects would be provided by employers — including the nationalised industries—but the cost of allowances to the young people concerned, which would be linked to the Training Services Agency's allowances to young trainees, would be set by the Commission.

Opportunities for training and further education would be incorporated into projects to the maximum extent possible, and there would be consultation with individual local authorities to this end.

Mr. Booth stressed that it would be essential to ensure that projects did not in any way displace normal recruitment of trainees. Employers would be required to give an undertaking to this effect and their proposals would need the agreement of trade union representatives in their organisations.

The programme would be open to unemployed young people in the 1-18 age groups who would benefit from an opportunity to learn about working life at first hand and gain systematic practical experience of a range of different tasks.

"It is difficult to estimate precisely how many young people might benefit from the programme, though perhaps 30,000 would do so and I would welcome it if that number were exceeded."

Subject to the outcome of current work and consultations on the practical arrangements, the Commission would aim to launch the scheme in September, have it open for applications by employers until the end of March, 1977, and have all schemes completed by the end of September, 1977.

The Government was willing to provide the necessary funds to cover the cost of the allowances and the Commission's administration of the scheme once the Commission had completed its planning and consultations successfully. The cost was estimated at £19m. of which about half was expected to be offset by savings on unemployment and supplementary benefits.

Any scheme to release jobs for young unemployed people would be on condition that the employer recruited a replacement from the unemployment register and that the worker released did not enter further employment or claim unemployment benefit while in receipt of the allowance.

Mr. Booth told MPs that the Government's present measures —recruitment subsidy for school leavers, the job creation programme, the expansion of community industry and increased training—would already be helping about 100,000 young people this autumn.

Mr. Cyril Smith (L. Rochdale) urged the Minister to ensure that the regional organisers of trade unions were aware of the TUC approval for the measures. One union in his constituency was preventing the creation of 30 jobs under a job creation scheme because of union objections.

Mr. Booth said he would investigate any suggestion that there was not maximum support from the trade unions. But he believed that they would support the work experience scheme.

● Mr. Neil Kinnock (Lab. Bedwellty) later failed in a bid to get an emergency debate on the Government's proposals, particularly those to encourage earlier retirement to create employment for young people.

The Speaker Mr. George Thomas, ruled that the application did not fulfil the necessary requirements.

# Battle against rising storm

BY JOHN HUNT

THE FIRST bitter skirmishes over the Government's devolution proposals flared up in the Commons yesterday providing an alarming preview of the tremendous battles the Government will face when it attempts to implement the plans with a major Bill next session.

Mr. Michael Foot, Leader of the House, who announced a series of significant changes in the Government proposals, doggedly put his head down and plodded on like a man battling against a rising storm.

He made it plain that whatever the objections, the Government was determined to press ahead with the legislation. At one stage, he seemed to be hinting that he was prepared to introduce the guillotine to force the Bill through but, when pressed to be more specific, he refused to commit himself.

Firmly he told the critics: "I don't want there to be any misunderstanding. The Government is pledged to introduce this measure. We are determined to carry it through. We believe it is essential in the interests of the United Kingdom."

But, in over 30 minutes of acrimonious exchanges, hardly a voice was raised in his support.

The many vocal opponents on the Labour and Conservative benches urged the Government to change its mind before it was too late and warned that the proposals could lead to the break-up of the U.K.

## Loudest

The Scottish Nationalists grumbled that it did not meet the demands of the Scottish people for control over their own resources. Plaid Cymru protested that there was nothing of substance in it for Wales.

The English MPs were just as unhappy. They were angry that the Government had not yet produced its proposals for a measure of devolution for England. They were not mollified when Mr. Foot promised that a discussion document on this point would be published with the Bill next session.

In fact, it seemed that each faction was eager for its own reasons to undermine the elaborate devolution structure that Mr. Foot was so laboriously erecting. It was noticeable that by far the loudest cheers from both sides of the House were reserved for the most outspoken attacks on the whole concept of devolution.

On of Mr. Foot's main proposals was that where there was doubt about whether a Bill of the Scottish Assembly exceeded its power, the final decision would lie with the judicial committee of the Privy Council. One the Bill became law, the courts could consider questions of its legality.

Another proposal was that constituencies for the two assemblies would have at least two representatives with larger ones getting three. In adition, the suggestion that the assemblies would have the power to make a surcharge on the rates had been dropped but the Government was prepared to look at other possibilities for them to raise their own revenue.

The statement received a cautious response from Mr. William Whitelaw, the Conservative deputy leader, who seemed only too conscious of the divided opinions in his own party. He wondered if the scant reference to English devolution meant that this "insane proposal" had now been decently buried.

One of the leading opponents of devolution, Mr. Tam Dalyell, argued that as the Scottish Assembly could not raise its own revenue it would blame the parsimony of the Treasury when it could not get enough money for the modernisation of hospitals, the building of schools and the repairing of roads.

"This is a recipe for the break-up of the U.K." he cried. But Mr. Foot told him sharply that the Bill would lead to an extension of democracy. The Government believed the assemblies in Scotland and Wales would want to use the very real powers in the interests of their people.

A senior Tory backbencher Mr. Julian Amery, denounced the Bill as a waste of time and declared. "There is no conceivable majority for legislation of the kind you are putting forward or anything remotely similar."

# Seven sign Tether motion

SEVEN LABOUR MP's yesterday tabled a Commons motion on Mr. C. Gordon Tether.

The motion says: "That this House, recalling the hysterical charges by Tories and some editors at the threat posed to freedom of speech and access to the Press by Government legislation, notes with great regret the early retirement by the editor of the Financial Times of C. Gordon Tether, that paper's long-standing and most respected contributor to the Lombard column."

It is signed by Mr. John Garrett (Norwich S), Mr. Max Madden (Sowerby), Mr. Nigel Spearing (Newham S), Mr. Bryan Gould (Southampton Test); Mr. Norman Buchan (Renfrew W), Mr. Ian Wrigglesworth (Thurnaby) and Mr. John Lee (Handsworth).

LABOUR NEWS

# AUEW brings Minister into recognition dispute

EFFORTS to resolve both the seven-month-long recognition dispute at Electro Automat, Manchester, and the blacking action at the Concorde test centre in Fairford, Gloucestershire were launched by the Amalgamated Union of Engineering Workers executive yesterday.

The executive decided to ask Department of Employment ministers to intervene in the protracted Automat situation and try to help find a solution. It is expected that the Department will be urged to help arrange a meeting between the union and company, either directly or through the Advisory, Conciliation and Arbitration Service.

Automat's works in Swinton, Manchester, have been picketed since January, when a group of workers including the AUEW convenor were, according to the union, dismissed, and an official strike was called. The company maintains that the men were made redundant on a last-in-first-out basis.

Mr. Hugh Scanlon, president of the AUEW, said after yesterday's meeting that the executive had reaffirmed its support for the members on strike at Automat. The dispute concerned non-recognition of the union by the company and the dismissal of eight of its members.

Department of Employment help was being sought in the hope that "some satisfactory solution" could be reached. The AUEW, said Mr. Scanlon, had "continually expressed its desire" to take the dispute to ACAS but, he said, the company would not agree to this.

Mr. John Chamberlain, managing director of Automat, which produces control equipment and similar advanced technology, said yesterday that the men the union was seeking to have reinstated were no longer his employees. "This was clearly determined by an industrial tribunal in May," he said.

"So far as recognition is concerned, the union is free to apply for a secret ballot of employees under the Employment Protection Act. There is no need for an approach to the Department of Employment if the union is prepared to use the existing law." The company contends that most of its 150 employees who are taking part in the strike hav[e no] wish to join the union.

On the Concorde dispute, executive instructed 40 mem[bers] at the British Aircraft Corp[ora]tion's Fairford test centre to blacking work on the third [...] aircraft now awaiting deliver[y to] British Airways.

The men are disrupting [...]ing of the Concorde in pr[otest] against a BAC decision to [...] Fairford and transfer test [...] to Filton, Bristol, where the liner is built.

Mr Scanlon said the men [were] being told to use the proper [pro]cedure to make their compl[aint] and if that failed the exec[utive] would be prepared to cons[ider] the matter again.

The first reaction of British Aircraft Corporation [com]bined shop stewards' commi[ttee] which also met yesterday, [was] to reject the executive ins[truc]tion. Their meeting decide[d to] recommend "continued sup[port] of the Fairford membershi[p in] their endeavours to retain [the] establishment as a perma[nent] site."

# Leyland workers end ban on overtime

BY OUR LABOUR STAFF

A MASS MEETING of 9,000 workers at British Leyland's truck and bus plants in Lancashire decided yesterday to call off a threatened overtime ban called in protest at the new pay policy blocking implementation of a wage agreement.

The Leyland workers want to be paid a £52 lump sum which was disallowed under phase one of the pay policy, and is still barred under the 4½ per cent. policy which came into force last Sunday. The lump sum was considered an extra payment outside the guidelines of the policy.

National and local officials of the Amalgamated Union of Engineering Workers to-day meet Department of Employment officials, including Mr. Harold Walker, Minister of State, to discuss whether the policy could be relaxed to allow the payment.

Another simmering row prompted by the pay policy is over a claim for 38,000 merchant navy seamen which their union, the National Union of Seamen, believes should be paid from the beginning of this month. But both the TUC and the Department of Employment have ruled that they must wait until next January.

The NUS and the General Council of British Shipping agreed yesterday to make a joint approach to the Advisory, Conciliation and Arbitration Service to clarify the dates of the arbitration award last year which was spread over three stages, with the major payment last January.

The NUS wants ACAS to explain what it considers is the anniversary date of the agreement. If ACAS agrees with the NUS's claim that it should be August, the traditional settlement date, the union is expected to ask the TUC and the Department of Employment to reverse their previous decision to make the seamen wait until January.

# Sit-in halts plutonium production

PLUTONIUM PRODUCTION [has] been halted at the Wind[scale] works of British Nuclear F[uels] in West Cumbria, because [of a] sit-in by the 31 members of [the] works' fire brigade.

Work has also stopped in s[ensi]tive areas of the laboratori[es].

The firemen, who have rea[ched] deadlock in pay talks with management, are acting ag[ainst] the advice of their union. [...] of them are occupying the station. They are said to be [self-]sufficient, but a company sp[okes]man said that, if they neede[d] they could get a meal from canteen.

The firemen thought they [had] control of the alarm system [and] radio links of the huge site, these have been by-passed by management, who are now [rely]ing on the Cumbria Fire Bri[gade] to meet emergencies.

It is because it would take outside firemen longer to r[each] an outbreak that the most s[ensi]tive areas of the works have [been] closed.

There is to be a meeting [in] Newcastle-upon-Tyne to-mo[rrow] between Nuclear Fuels and Ken Baker, national officer [of] the General and Munic[ipal] Workers' Union, to discuss [the] situation.

Meanwhile, the manager[s] have declared the firemen [as] being on strike, because [they] have refused to lift month-[long] sanctions in support of their claim.

# Mersey tugmen withdraw September 1 ultimatum

TUGMEN on the Mersey decided yesterday to withdraw their ultimatum to the port authorities that from September 1, all ships of more than 3,000 tonnes must use tugs on the river or risk being "impeded."

The ultimatum followed a reduction in recent years in the number of tug boat companies and the fear of the men remaining that they face redundancy.

They agreed that as talks concerning their future job security were continuing they would take no action which might inconvenience shipping and trade through Liverpool, Garston and the Manchester Ship Canal

A spokesman for the Mersey Docks and Harbour Company said discussions would continue between the tug men's representatives and the port authorities, shipowners, shippers and the Merseyside Chamber of Commerce and Industry.

● The seasonal labour shortage at the Port of Liverpool eased slightly yesterday with 500 dockers below requirement, but it still left two of the 46 vessels in the docks idle and another 10 undermanned.

The shortage has been caused because 800 men are on holiday and a further 428 took severance pay and left the industry at the week-end.

A port spokesman said the situation underlined the problems of maintaining a balanced labour force on the river. It was expected that the difficulties would be only temporary.

# Oil rig men wait for iob cut deadline

OIL RIG construction wor[kers] at the Redpath Dorman [Long] North Sea yard in Methil, will learn on August 26 [how] many out of a total 1,350 a[re to] lose their jobs.

Mr. John McHugh, secreta[ry of] the action committee fightin[g to] save jobs at the yard, said [yes]terday that Mr. Anthony W[edg]wood Benn, Energy Secre[tary] had indicated at a meeting [last] week that he could do littl[e to] help the short-term order s[itua]tion, although the longer-[term] future was bright.

"We are continuing to dev[elop] and build our campaign wit[h de]mands that the yard be g[iven] work in the short-term and that the oil companies [place] orders quickly," Mr. McH[ugh] said.

# Rolls-Royce unions undecided

SOME 6,000 manual workers at the Bristol aero-engine plants of Rolls-Royce (1971) have been offered the maximum allowable under the new 4½ per cent. pay policy.

But the unions are still undecided about accepting the offer—due to be implemented later this month—until agreement has been reached between all groups of production workers.

Earlier this year Rolls-Royce threatened to close the plant unless the various groups could agree on differentials. This lead to a compromise settlement.

# Rent assessment and motorway work will be hit by staff cuts

BY DAVID CHURCHILL, LABOUR STAFF

MANPOWER CUTS in the Department of Environment over the next three years will substantially delay work on rent assessment cases and motorway and planning applications, and effectively halt new measures to protect the environment.

These consequences of the department's £13.4m. manpower savings, announced by the Government last week as part of a £95m. reduction in Civil Service expenditure, are listed in a circular being sent to-day to members of the Civil and Public Services Association.

This follows a meeting between union representatives and Sir Ian Bancroft, permanent secretary to the Environment Department, at which he confirmed that further cuts in the department were unlikely, except for the possible axing of 3,000 staff at Swansea responsible for issuing road fund licences. This proposed saving is still being discussed in the Cabinet.

The circular reveals that the department proposes to cut 1,693 administrative workers and 1,037 office and maintenance staff.

About 400 jobs will be gained by a two per cent. improvement in efficiency, and a further 300 by reducing training, personnel, and management service staff. This will include cutting the department's information and library services.

The department's research and development complement—which investigates and evaluates building and environmental trends—will be cut by 260, and 200 civil service posts will be lost from rent assessment panels and reductions in housing associ[ation] casework.

The unions were told that 50 staff savings in the water [and] environmental functions w[ould] mean "new initiatives w[ill] have to be abandoned and e[xist]ing services reduced." [The] Countryside Commission is [to] work with 20 fewer staff.

Some ancient monuments [will] be closed in winter because [of] the cuts of 90 staff respons[ible] for their administration.

The cuts in the main functi[ons] of the department will s[ave] some £5.9m., and those in [the] Property Services Agency [will] save £4m.

The union's members h[ave] been instructed not to ag[ree] locally to any changes in w[ork]ing conditions until al[l] national talks on how the [cuts] will be implemented.

# Private bus ownership Bill fails

AN ATTEMPT by a Tory MP to return the National Bus Company and its subsidiaries to private ownership, was defeated in the Commons yesterday by 154 votes to 121.

Mr. Ian Gow (C., Eastbourne) claimed that the company was not responsive to the rapidly changing needs of the public. In addition, there was overmanning and waste. Only free enterprise, responsive to the public's needs, could provide the financial discipline which was necessary for success.

Mr. Gow said that last year the company made record losses of £19m. and its debt increased by £22m. to £121.6m. The number of bus miles run by the company was down by two million but staff was up 887.

It would be wrong to blame the company's 70,000 employees for growing public dissatisfaction with spiralling costs, diminishing quality and the growing burden of debt which were the three ingredients of public ownership, Mr. Gow said.

He believed it was possible [to] find a buyer for the NBC, [but] action was needed quickly.

Mr. Kevin McNamara (L[ab.] Hull C), opposing the [Bill,] described Mr. Gow's speech [as] "heartless." Without the N[BC] many rural areas would be wi[th]out any transport service at [all].

Replying to the attack [on] over-manning, Mr. McNama[ra] said the workforce had sp[ent] considerable time assumi[ng] further responsibilities to try [to] make the company efficient.

# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

## Automatic assembly plans

NEWS THAT Commodore is planning a major expansion of its Asian operations spells no threat to its Eaglecliffe (county Durham) manufacturing centre, at least for the time being.

Plans are for at least double output at Eaglescliffe and the future of that plant is assured to the extent that import duty policies pursued by the Government and the EEC countries do not impose too heavy a fiscal burden on products made there.

Tom Self, managing director of CBM in the U.K. for the past year, is moving to Hong Kong to become general manager of Asian operations. He will oversee the transfer of the entire Palo Alto (U.S.) production line to Korea and closely co-ordinate development work in the U.S. with design of calculators and watches in Osaka and production work elsewhere.

This is, in a nutshell, what will be in reality a most complex operation, since the company is planning to introduce liquid crystal displays both for calculators and for watches "later this year" although development work on LCD began only last April.

The first liquid crystal calculator will be based on the existing 796 model but cost three times as much and provide 1,000 hours operations on the same battery.

In the near future, both Korea and Hong Kong will be producing watches based on CBM's own electronics, a chip of "i squared technology." *In fact, Self has* stated, the company intends to move progressively to the manufacture of its own watch and calculator chips simply to have better control over the start and finish of the process, rather than relying as hitherto on assemblers and processors under contract.

This is extremely important as a policy decision since the company intends to pursue its aim of putting more and more functions on to a single calculator chip. The inference is that such chips will become more expensive to make and should be treated with much greater care.

Another policy decision is to go for more and more assembly automation and to do at least a design study of equipment for the automatic assembly of hybrid structures such as calculators, because in the eyes of the company's top management, no one has yet proved that automated assembly lines for electronics can work with the required efficiency. More and more microcomputers will be used in such assembly work.

Hong Kong will be the focal point for automatic assembly operations.

One interesting set of equations that *CBM* management has been considering is that of relative assembly costs in various countries and space and support costs here. For instance, if U.K. assembly costs are put at 12, Japanese costs are the same or slightly higher, while those of Hong Kong would stand at around 6 and in the Philippines at 1. No comment was forthcoming on the proposal that the hinterland of Hong Kong presents a vast and as yet untaped (for electronics) source of diligent labour.

The reverse of the medal is, of course that space costs in Japan and Hong Kong are *between x 10 and x 5 those* of the U.K.

Perhaps the most significant statement to be made in this announcement of manufacturing policy changes is that any production tool—used in calculator and watch assembly—can be automated. CBM can see the time not too far ahead when all assembly work, based on micro computer controlled robots, could be brought back closer to home or to the development and main management centres of an international operation. The end of such "off-shore" assembly must have an effect on countries where such work is in progress. It could be technological. But it is much more likely to be political.

CBM Business Machines, 446, Bath Road, Slough, Bucks., SL1 6BB. Burnham (06286) 3224.

## Ignition by optical electronics

SIEMENS says that it is investigating an electronic alternative to conventional car ignition in which solid state opto-electronic components are used as the contact breaker.

The equipment under the distributor cap consists of a light emitting diode functioning as a transmitter and a phototransistor acting as a receiver. The short (3 mm) infra-red optical path is suitably interrupted by a slotted component which rotates with the distributor shaft and allows the beam to pass at the firing point. The make-break ratio determining the "on" period of the primary circuit in the ignition coil simply depends on the slot width.

The light-induced current from the phototransistor is amplified and directly acts on the firing transistor into whose emitter-collector circuit the primary is connected.

Since plastic encapsulated components will have to be used to keep the cost down, Siemens states that a good deal of work remains in developing synthetic materials that will stand up to the 135 deg C. level demanded by the makers of ignition units. Siemens' U.K. office is in Great West Road, Brentford. (01-568 9133.)

## Tester for fast logic

VERY SHORT electrical path lengths make the new Membrain circuit tester specially suited for the testing of high speed logic circuits such as Schottky TTL, as well as those which have low capacitance, like CMOS.

Otherwise, the new MB2410 is closely similar to the two other models in the series and can operate on programs already generated for these.

The unit runs on a 10MHz internal clock and it can apply test routines developed for the series by the company for a number of microprocessors.

MB2400 systems of various capabilities worth around £2m. have been exported to Europe in the two years since they were launched and the company claims to be the leading European company in this area of the electronics industry.

Membrain is at Ferndown Industrial Estate, Wimborne, Dorset. Wimborne (0202) 893535.

● INSTRUMENTS

## Boiler tube inspection

AN ULTRASONIC probe for the internal inspection of boiler tubes has been developed by MatEval NDT Company, 1 Belvedere Road, Newton-le-Willows, Merseyside.

The probe is spring-loaded in a holder and has a rotating drive. It is mounted on a dolly which is pulled through the boiler tube on a wire. The rotating holder *ensures a complete examination* on the inside of the tube.

A further development involves a four-probe unit in a holder featuring fast mutiplexing of the individual probes. The probes are *twin crystals* with their focii matched to the tube wall. The holder is spring-loaded and tapered at its ends to facilitate pipe bend negotiation.

Both these developments were originally conceived for Burmah-Castrol at Ellesmere Port to check the thinning of the boiler tube wall, and to carry out the inspection within a 24-hour downtime.

## Wire-wound sensors replaced

MADE USING precision screen printing and laser trimming techniques, a low cost temperature sensor by Rosemount Engineering Company could replace conventional wire-wound resistance thermometer sensors in 90 per cent. of applications.

Development work, undertaken entirely in the U.K., began about five years ago, and led, just over a year ago, to the first flat Platfilm units. The latest development, whereby a flat substrate is converted into a cylindrical shape, increases the versatility and the scope of the product.

These sensing units, which exhibit a change in electrical resistance proportional to the change in the measured temperature, are produced by printing *platinum of high purity on an* alumina substrate. Their characteristics conform to current British Standards and German DIN specifications, and will thus meet the future requirements of *IEC standards.*

The size, 4 mm in diameter by 35 mm long, has been chosen to give a robust device which, with either single or duplex sensors, may be incorporated, with the *minimum of difficulty, in existing* and proposed designs of temperature sensing equipment. The sensors have a $-50°C$ to $+500°C$ operational temperature range.

Rosemount Engineering, *Durban Road, Bognor Regis, Sussex* PO22 9QX. Bognor Regis 3121.

## Could cut rinse water consumption

ACCORDING to Diversey there are still a considerable number of industrial rinsing processes that needlessly waste water because no realistic check is made of impurity concentration. Frequently the water is discarded too early.

A system the company has recently introduced continuously monitors and controls rinse water condition by measuring its conductivity. Called the Water Miser, it allows the acceptable quality of the water to be set on a controller which will then automatically maintain this level of purity with minimum water consumption.

When contamination reduces purity below the set level, a water feed device is actuated and fresh water is mixed to restore the quality.

Two models are available covering respectively 500 to 5,000 and 150 to 1,500 micromhos. *Flashing lamps indicate* when a water feed condition exists and if the normal feed time has been exceeded. Remote alarms can be provided. Included is a half-inch water solenoid valve. Diversey is at *Cockfosters, Barnet, Herts.* EN4 0BU (01-449 5566).

● COMPUTING

## DEC makes new move to distribute

TWO NEW software products that enable PDP-11 to interact with large computers have been announced by the European software engineering group of Digital Equipment Company.

Of European origin, these emulator products—the MUX 200/RSX and the UN 1004/RSX—enable potential users to expand remote site facilities and distribute data processing to both Control Data Corporation and Univac machines.

MUX 200/RSX is a PDP-11 based communication emulator *to a CDC 6000 or CYBER series* computer. It emulates the 200 user terminal communications protocol used by CDC for their remote job entry terminals.

UN 1004/RSX offers remote station capability by providing emulation communications to the UNIVAC 1100 series utilising the communication line protocol of the 1004. This is the same line protocol used for linking the 9300 and 9400 machines *to the 1100 series. It provides* for one interactive terminal but the communications ability of the protocol is such that the customer can write a program which will transfer data automatically.

Digital is at Digital House, Kings Road, Reading, Berks. Reading (0734) 583555.

## Honeywell's answer to new IBMs

ALREADY launched in the U.S., the new Honeywell 66/05 to be built at the company's Scottish plant, is the answer by the company's *engineers to the new* introductions by IBM, particularly the 370/138 which is seen by some market observers as a complete departure from existing IBM philosophy.

Whatever observers may say, Honeywell is pursuing the same policy as in every release of hardware to counter an IBM bid and claims to be offering a great deal more power for the same money—of the order of 15 per cent. in a typical configuration of the 66/05 at around £465,000.

ICL will not escape unscathed since the new machine—a lead-in to the larger series in the Honeywell armoury—will also *take over neatly from equipment* in the ICL 1900 series starting with the 1903A.

Further from the company on 01 568 9191.

● COMMUNICATIONS

## P.O. business is digital

*FIRST contracts in Europe for a* new method of sending telephone calls over long distances have been placed by the British Post Office. This should pave the way for improved speech quality for telephone users.

Contracts for the first working systems using the new technique—high-capacity digital transmission—have been placed with GEC Telecommunications and *Standard Telephones and Cables.* The contracts are for seven systems—each capable of carrying 1,680 telephone calls simultaneously — linking Birmingham, Coventry, Northampton, Leicester, *Walsall, Wolverhampton,* Stoke and Stafford, due to come into service by the end of next year. They follow 18 months of successful development work by the Post Office and industry.

The contracts are the Post Office's first step towards a telephone network, using digital techniques, to link the main population centres of Britain. It is part of the Post Office's programme for introducing all-electronic telephone exchange systems in the 1980's. Further orders for the transmission system are expected to be placed later this year, extending long-distance digital transmission into northern England.

Digital transmission systems carry telephone speech signals converted from continuous electric waves into streams of electric impulses which are sent over telephone cables and converted back into speech waves at their destination—for speech read vision, data etc. etc. Digital transmission systems can more easily carry a mixture of services—such as television, computer data and facsimile, as well as ordinary telephone calls—without mutual interference.

### Orders for GEC

GEC has also announced that it has received orders from the Post Office for multiplexing equipment to be used in conjunction with the 120Mbits/sec line systems.

Basically these are "marshalling" systems that take digit streams at lower bit rates and convert them to higher rates for use in the main digit "highways."

In the equipment GEC is supplying, signals from 56 30-channel PCM equipments are combined by multiplexing to form a 120 Mbits/sec, equivalent to 1680 speech circuits.

One part of the system combines four digital tributary systems, each at 2048 kbits/sec into a composite signal at 8448 kbits/sec (120 speech circuits), and also carries out the reverse process in the other transmission direction. The second part of the system takes the process further by combining 14 of these 8448 kbits/sec streams into one signal channel at 120 Mbits/sec, and vice versa.

The new systems will operate over the 4.4mm coaxial cable currently used in the P.O. analogue systems, carrying 1680 speech circuits or a colour television signal.

● INSULATION

## Heat waste study

ANY D-I-Y enthusiast, and come to that any householder, should take good note of the results of a study just published on the effects of good loft insulation on an "average house."

The Eurisol study shows quite clearly that the current norm laid down by the Building Regulations of two inches of insulant is not really adequate at a time when fuel charges are continuing to rise. Eurisol figures show that *a typical semi on two floors with* three bedrooms and a roof area *of 45 square metres will lose heat* through an uninsulated roof very rapidly, even if the building is modern. Insulation of 50mm cuts the heat loss in this way by 76 per cent., 75mm by 82 per cent. and 100mm by 84 per cent.

There clearly is a law of diminishing returns, but the cost of the fibre used to insulate roofs is not great while fuel prices are escalating fast.

The cost of roof insulation with 100mm of mineral fibre, for the above average house, would be of the order of £43 and it would reduce energy waste by about £30 a year, taking the national average fuel price valid in January of 0.849 pence per useful kWh. This is amortisation in just under 18 months.

In the case of bungalows, the heat loss through the roof is considerably higher and at least 100mm of insulant should be made general immediately.

With the price of solid fuels up by about 11 per cent. in April and gas to rise by 6 to 10 per cent. later this year, together with home heating oils (5 to 10 per cent.), the above amortisation of insulation in under 1½ years would come much closer to one year.

Eurisol-U.K. is the association of British manufacturers of mineral insulating fibre. It is at 7, Montagu Mansions, London, W1H 1LD. (01-935 5492.)

● COMPONENTS

## Relays for high volts

A SERIES of relays designed specifically for making and breaking high voltage circuits has been introduced by Magnecraft and is distributed by Diamond H Controls.

Typical of the range is the type 158 which is able to switch up to 8 kV RMS at 125 mA. Its insulation characteristics enable it to handle exceptionally high potentials compared with other relays of comparable size. The contact assembly is mounted on ceramic which combines high insulation with low energy loss *and extreme strength.*

More from the company at Vulcan Road North, Norwich NR6 6AH (0603 45291).

● HEATING

## Fluid bed progress

BREAKING into the North American market by means of a distribution and licensing agreement on the manufacture and sale of its fluidised bed furnaces, Fluidfire has just despatched a first large industrial-sized furnace of this type to the Institute of Gas Technology in Chicago.

The agreement is with Fennell Corp., furnace and wire equipment manufacturers.

Fluidfire also has reached an accord with Metvac and their licensees, Apollo Heat, for the manufacture of "Fireball" batch atmosphere-controlled fluid bed *furnaces.*

The company earlier delivered a one ton/hour wire furnace to Bekaert, largest European wire manufacturers and the proving trials were observed by the British Independent Steel Producers Association. The company reports that as a consequence of successful operation, it is negotiating an order for a similar plant from Japan. This will be the biggest fluidised bed industrial plant so far built.

A further order for a wire treatment unit has come from National Standard of Kidderminster.

Fluidfire Development, Washington Street, Netherton, Dudley.



# Nchanga Consolidated Copper Mines Limited

(Incorporated in the Republic of Zambia.)

## Statement by the Chairman the Hon. A. J. Soko, M.P.

The last financial year has been a most difficult one for the Company. The world economic recession continued to depress demand in the industrialised nations. The inevitable result, in spite of measures taken in many primary producing countries to restrict production, was an alarming oversupply of many commodities, including copper, and a further drop in metal prices which reached totally unacceptable levels and placed an intolerable burden on this Company and the country as a whole. Our financial difficulties were made even more onerous by events in neighbouring countries which, by restricting our transport routes, re-emphasised the problems of running a major mining operation in a land-locked country.

*The transition to independence in Angola has been a painful* experience and the unfortunate and tragic civil war in that country, apart from the destruction of human life and property, led to the closure to Zambia of the important Lobito route. With the rail link through Rhodesia to Mozambique remaining closed and the alternative routes to Beira and Nacala of limited capacity, *massive use of Dar es Salaam became necessary. Unique transport* problems for a time placed our credibility in grave doubt.

The effects of a substantial fall in revenue from copper sales were made more serious by the accompanying inflation which caused an alarming escalation in costs. To sustain production and employment, we were compelled to seek heavy loan finance from an international money market whose lending policies had become increasingly tough and selective. The Company also experienced a worrying loss of experienced personnel, recruitment difficulties and maintenance problems.

The experience of the past two years has been a sobering one, but I am pleased to say that the Company has handled the situation with credit. The transport problem has been largely resolved, substantial loans have been secured at competitive terms and our productive capacity has improved. In all of these, we have enjoyed the full and active support of the Party and Government to whom we are most grateful.

### Operating Results

Finished copper production for the financial year ended 31st March, 1976 was 385 414 tonnes compared with the revised target of 395 000 tonnes and the 1974/75 finished production of 408 666 tonnes. The CIPEC 15 per cent production cutback remained in *force during the period under review.*

Cobalt production was 1 698 tonnes compared with 2 018 tonnes produced during the 1974/75 financial year.

Total lead and zinc production decreased from the 1974/75 figure of 79 506 to 64 859 tonnes.

On the whole, operations have proceeded satisfactorily, although during the year, we continued to feel the effect of the loss of skilled manpower, which was aggravated by the shortage of spares due to lack of foreign exchange. Management has done a great deal to overcome these problems and, although production was well below original targets, output in recent months has improved considerably.

The Tailings Leach Plant at Chingola was commissioned during the year, and has operated so well that plans are now being considered for a further extension to treat tailings that will be recovered from old dumps. Also at Chingola, the extension of the East Mill is now nearly complete, and it is no longer necessary to send Chingola ore to Konkola for treatment.

At Rokana, open pit operations and oxide flotation section *were closed down during the year due to the disappointing* flotation recoveries, and the low copper prices. The Company is reviewing the whole project, particularly because of the lack of smelting capacity to treat these relatively low grade concentrates. In the smelter itself, the new gas collection system of the third acid plant project is nearly complete. The installation of a large and complex unit on each of six convertors has been carried out inside an operating plant and it is gratifying to report that the effect on production has been minimal.

A start has been made on the preparatory work for the deepening of the Mindola Sub-Vertical Shaft at the Rokana Division. It will be some years before ore production is commenced from these very deep areas and, although mining at such depths is bound to be difficult, we are confident that reasonable results will be achieved.

Production from Bwana Mkubwa has been very steady, but the life of this mine, despite considerable exploratory work in the area is now limited to about four years.

At Konkola our northermost mine, underground water still *delays the full exploitation of the large reserves. It is becoming* clear that we cannot expect anything but a very slow increase in the rate of the output in the coming years due to the continuing rate of dewatering required for mining to be carried out safely. The pumping rate has already reached 400 000 cubic metres (88 million imperial gallons) of water daily.

*At the Broken Hill Division, the Waelz Kiln project* was commissioned, but has not operated satisfactorily for a number of reasons, principally because of the failure of the refractory brick linings and because of the poor quality of the coke reductant. Recent testwork on different bricks has been encouraging and interim measures, which have been taken to provide suitable coke *until the fine coke plant is commissioned later in the year* are satisfactory. At this Division, the underground reserves of ore are nearly exhausted and within a few years all metal production will be from the treatment of stockpiled residues.

### Import and Export Routes

The port of Lobito and the Benguela railway were closed in August, 1975 following the outbreak of civil war in Angola. This route was handling about 50 per cent. of the Zambian mining industry's import and export traffic. Its closure inevitably placed heavy pressure on Dar es Salaam which then became our main outlet to the sea. In September 1975 limited use of the Tanzania-Zambia railway (Tazara) commenced, supplementing the existing road transport capacity to the port.

After initial constraints, the transportation capability on the Dar es Salaam route improved but it soon became clear that the port could not cope with the sharply-increased throughput and port congestion reached disturbing levels. NCCM exports were badly affected and the inflow of essential materials to the mines was severely disrupted. In the last few months, however, there has been a marked improvement in port handling performance at Dar es Salaam. This, together with growing Tazara capacity, has produced encouraging results both in copper shipments and handling of imports. During the month of March, 1976, a record of 61 000 tonnes of metals was shipped by the Company, of which 53 000 tonnes was handled by Dar es Salaam.

The Mombasa route, which was closed due to weight restrictions which I mentioned last year, was re-opened on a limited-load basis in February, 1976, but has not proved successful. The road/rail route to Nacala and Beira was hampered by restricted *road transport capacity and a shortage of rolling stock.*

As I write, there are unofficial reports that the Lobito route will be re-opened within the next few months. While your Company welcomes this development, it is difficult to predict when the port and railway systems will again achieve their former operational standards. The priority is to recover the Zambian *exports and imports which have been stranded in Angola for* almost a year.

### Metal Prices

For most of the period under review, depressed metal prices *continued to characterise the copper market. For April, 1975,* the London Metal Exchange (LME) average cash settlement price for copper was £561 (K854) per tonne. This fell to its lowest level, in sterling, in June of the same year when it averaged at £523 (K766). The lowest price in Kwacha terms, K740, was not reached until December, 1975, although the price in sterling had *then increased to £569. The average cash settlement price* thereafter registered further increases reaching £684 (K855) in March and £878 (K992) in June, 1976. The LME average cash settlement price for the 1975/76 financial year was £580 (K795) per tonne compared with £754 (K1 146) for the previous financial year.

There are a number of reasons for this welcome change in the market situation. The most important of these is the increasing physical consumption throughout the western world. The depreciation in the value of sterling against the major currencies has encouraged currency hedging purchases on the LME and the knowledge that copper has been considerably undervalued, coupled with the prospect of possible future shortages, has led to much speculative buying. However, because of the high tonnages in non-consumer hands and surplus stocks throughout the world, estimated at over one million tonnes, we should beware of becoming too optimistic in the short term.

The stocks of copper in LME warehouses maintained their upward trend throughout the past year. On 1st April, 1975, stocks were 175 800 tonnes, having risen from 26 025 tonnes on 5th July, 1974. By 31st March, 1976 these had increased by an unprecedented figure of 355 100 to 530 900 tonnes. Stocks have continued to rise during the June, 1976 quarter, but at a much lower rate. On 16th July, the stocks stood at 542 125 tonnes, an increase of only 9 000 tonnes since the financial year end.

One notable feature of the copper market over the last six months *is that the upward movement in LME warehouse stocks* has been accompanied by a real increase in price. This marks a change from the normal relationship between high levels of LME warehouse stocks and low copper prices and emphasises the underlying bullish market outlook associated with the widespread restoration of business confidence.

### Sales

Copper sales for the year ended 31st March, 1976 were 386 201 tonnes compared with the previous year's figure of 396 160 tonnes. Production shortfalls and the transport difficulties mentioned earlier led to the declaration of force majeure on 20 per cent of September, 1975 contractual deliveries. This was increased to 40 per cent for the October to December copper quotas, but has been lifted since January, 1976.

Lead and zinc sales were 17 283 (1974/75: 23 375) tonnes and 35 945 (1974/75: 52 555) tonnes, respectively. The decline in sales of 23 000 tonnes compared with the previous year resulted mainly from lower production, serious transport constraints and the particularly weak demand for zinc.

Cobalt sales at 1 352 tonnes were lower than the 1974/75 figure and again reflected poor consumer interest during the economic recession.

### Finance

At the beginning of the financial year, borrowings by the Company amounted to K113 million and, taking into account a lower price of copper and the 15 per cent CIPEC production cutback, it was believed that it would be necessary to raise additional loan finance of approximately K90 million. In the event it was necessary for the Company to borrow approximately K160 million because the price of copper fell below expected levels in Kwacha terms, and the closure of the Lobito route had an adverse effect on shipments. Other relevant factors were the reduced production, and the increases in process stocks of metal. The stores inventories also rose on account of the world-wide inflation and long transit times of directly imported stores.

At the financial year end, the Company had, after certain repayments, a total loan indebtedness of K246 million. Additional loans would have been necessary if the Company had not exercised tight control of expenditure, one result of which was that capital expenditure was reduced from an original budget of K60 million to an actual expenditure of less than K40 million.

For the reasons stated previously, the Company made a loss for the year, before taxation, of K54 million. A substantially increased gross interest charge in excess of K15 million, compared with less than K7 million for 1974/75, contributed to this. Tax recoverable and extraordinary income resulted in a final favourable balance of K4.8 million.

Although the funds continued to flow in from overseas sales of metals, the Company was faced with constant difficulties in obtaining sufficient foreign exchange to settle its external liabilities. On the other hand, the funding of our local requirements was greatly assisted through a facility made available to us by the Bank of Zambia. I would like, at this point, to record the Company's appreciation of the action of the Anglo American Corporation Group's gesture of goodwill in rephasing the instalments due in respect of the early termination of the 1970 Management Agreements.

No dividends, other than those due on the preference shares, have been paid.

### Industrial Relations

I am pleased to report that the Company continued to enjoy peace and stability. This is a great achievement considering that *the period under review was one of the most difficult in the* Company's history.

Although Broken Hill Division has been part of this Company since 1971, employees there continued to be governed by conditions of service which were different from those applicable to Copperbelt employees. Accordingly, discussions took place between the Company and the Mineworkers Union of Zambia (MUZ) and agreement was reached for the standardisation of conditions of service.

Because of world-wide inflation and its effect on the cost of living in Zambia, the Company implemented, with effect from 1st August, 1975, new and improved salary scales for its local employees. For much the same reason and because the Company's salary scales had become uncompetitive on the international labour market, service conditions for expatriate employees were also improved with effect from the same date. However, more remains to be done in this respect. To this end, your Company has employed management consultants to install an internationally recognised salaries administration system.

The triennial negotiations between the Mineworkers Union of Zambia and the two mining companies are currently in progress. I am confident that these negotiations will again be conducted in an atmosphere of mutual respect and understanding.

*Shortage of technically qualified personnel, both Zambian* and expatriate, continued to cause grave concern. The situation was made even more serious by improved employment conditions elsewhere in the world. This made recruitment from overseas and retention of existing staff more difficult.

### Zambianisation, Training and Manpower Planning

I am pleased to report that various in-service training programmes as well as training in institutions both in Zambia and abroad, have continued to produce good results and that the *Zambianisation programme has benefited from this. Unfortunately,* because the attainment of higher professional qualifications takes time, we shall continue to rely on suitably qualified expatriates for some time in certain technical fields.

### Staff

The 1975/76 financial year was the first full year since the Company became self-managing on 15th November, 1974. A number of appointments were therefore made at the Head Office of the Company. Mr. E. Alexander was appointed Company *Economist, Mr. R. L. Bwalya became Manager in addition to* his post as Company Secretary, Mr. A. M. Munyindu was appointed Legal and Corporate Manager while Mr. J. A. Stoddart became Commercial Manager.

In order to streamline the management structure within the Company, Mr. J. D. Chileshe, formerly Personnel Consultant, became Director of Personnel while Mr. J. F. Godsall, formerly Financial Manager, became Director of Finance. Mr. A. D. Zulu became the General Manager of our Centralised Services Division in Kitwe. Prior to this he was Manager.

In January, 1976, Mr. J. D. Johnson was succeeded as Technical Director of the Company by Mr. M. W. Stephenson. Mr. Johnson will be remembered for his distinguished service to the Company. On behalf of the Board and the Company, I wish to thank him for his invaluable contribution during his term of office. Mr. Johnson's successor is no newcomer to Zambia, let alone to this Company. Nevertheless, he is most welcome after an absence of four years.

In conclusion, I wish also to express my sincere thanks and *appreciation to all the employees of the Company for their* contribution and for the faith they showed in the Company during the past twelve months of serious financial difficulties.

### Future Outlook

While the world economies continue to feel the effects of the recession, there are definite signs of recovery in a number of the developed economies, with the United States in the forefront. However, there is a continuing danger that too quick a recovery may lead to further inflation. Accordingly, it is my view that it may be some time before prosperity returns to the Company.

The need to exercise more control over metal prices has again been clearly highlighted by the copper price fluctuations which we have witnessed over the past years. I believe that, if copper prices are to be kept within margins equitable to both producers and consumers, an internationally-acceptable mechanism will have to be found to strike a balance between supply and demand. In order to achieve this, it may even be necessary to break away from the tradition of reliance on the LME pricing arrangements. This of course has been the subject of serious discussions in certain quarters already.

The hard times from which we are just beginning to emerge will surely have taught us that, from the point of view of the Zambian economy, total reliance on copper is not advisable. The Party and Government have consequently embarked on an ambitious programme to develop agriculture. It is my belief that the Zambian copper mining industry can make a worthwhile contribution to the Zambian agrarian revolution by earning the foreign exchange required to pay for the rural infrastructure and the imports of capital goods necessary for agricultural use.

With prospects now better, I believe that the Company will not suffer financial embarrassment again in the 1976/77 financial year, although additional funds will be needed to enable the Company to go ahead with major capital projects.

The most significant event to happen since the end of the financial year has been the devaluation of the Kwacha by 20 per cent which took place on 8th July, 1976. With effect from the same date, the Kwacha, which had been aligned to the U.S. Dollar since 1971 was linked to the Special Drawing Rights of the International Monetary Fund. The effects of the Kwacha devaluation on the future operations of the Company will be a substantial increase in Kwacha proceeds from metal sales. On the other hand, there will inevitably be an immediate increase in working costs and the cost of our external loans.

*Copies of this statement with the annual report and accounts will be available from the office of the United Kingdom Transfer Secretaries, Charter Consolidated Limited, PO Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.*

# Airline negotiators prepare for heavy flak over Bermuda

By MICHAEL DONNE, Aerospace Correspondent

GOVERNMENT CIVIL aviation negotiators from Britain and the U.S. are preparing to get round the table early next month to start what could be long and formidable talks aimed at a new Anglo-American air agreement to replace the Bermuda Agreement of 1946 which has become inadequate for the 1970s and beyond.

Events on both sides of the Atlantic in recent weeks have made a new agreement imperative. In the U.K., civil aviation policy is in confusion as a result of the declaration in the High Court that the Department of Trade acted illegally in withdrawing Laker Airways' cheap-fare Skytrain designation on the North Atlantic. This has led to queries by other airlines, notably British Caledonian, as to legality of other aspects of the White Paper on Civil Aviation Policy of last February.

## Irritation

In particular, B.Cal. is questioning the validity of the U.K.'s "spheres of interest" policy, which deprived it of several important Atlantic licences, such as those to New York and Los Angeles, as part of the Government's plan to create for each U.K. airline an exclusive "sphere of interest" under the British flag. Before the U.K. teams can sit down with their U.S. counterparts, they will have to clarify this situation.

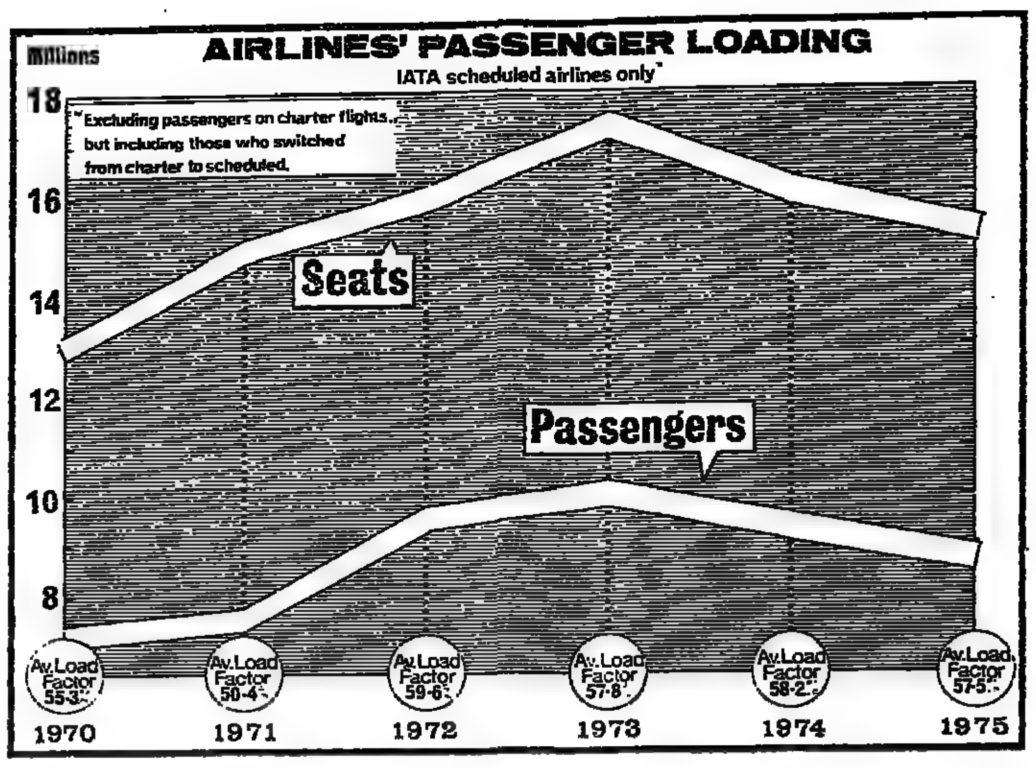
Added to these problems on the home front, civil aviation relations with the U.S. have deteriorated considerably over the past few months. Behind the polite diplomatic language of Britain's notice to the Americans terminating the existing pact from June 23 next year lies growing irritation with U.S. civil aviation policies. Almost every aspect of the Bermuda Agreement has become a source of friction—fares, flight frequencies, passenger capacity limitations, types of aircraft used on the transatlantic route, and even the U.K.'s right to decide such things as commissions for travel agents.

This has been aggravated by the recent proposals from the U.S. Civil Aeronautics Board for an increase in the number of airlines and specific routes across the North Atlantic to and from Europe, including Britain, which run directly counter to the British desire to see fewer passenger seats available rather than more.

The U.K.'s disenchantment with the Board's policies seems almost total. For example, it dislikes the CAB's tendency to disapprove at the last moment detailed fares agreements reached by member-airlines of the International Air Transport Association after weeks of difficult discussion.

The IATA member-airlines are now preparing for another round of Atlantic fares talks this month, to settle rates to run from November 1. But they are all looking over their shoulders, fearful of another last minute rejection by the CAB. The U.K. feels that this is intolerable, and that while fares must continue to be a matter for airline negotiation, some greater stability is needed.

But the basic source of the U.K.'s dissatisfaction is that there is an imbalance in the benefits gained from the North Atlantic route, with the U.S. airlines earning 2½ times as much as the British—about £300m. last year against £120m.—and that this gap widens as sterling depreciates. The U.K. would like the agreement to ensure what it considers a more equitable distribution of earnings.




In the argument it was always Laker Airways' contention that its cut-price Skytrain plan would do much to correct this imbalance, by putting another British airline on the route—a point which the Department of Trade chose to dismiss in formulating its White Paper policy which is now itself under fire.

The U.S. response is that the majority of the traffic on the route—about 60 per cent.—is of U.S. origin, justifying the greater earnings of its airlines, scheduled and non-scheduled. Figures issued recently by its *Immigration Department* show that airline passenger departures from the U.S. to the U.K. last year were 1.41m., of which 58 per cent. were carried by U.S. airlines and the rest by British. In 1974, the total was 1.38m.—62 per cent. carried by U.S. airlines and the rest by British aircraft. The U.S., therefore, can justifiably argue that the British share of total traffic is rising (largely because of more aggressive sales tactics).

At the same time, there is undoubtedly some American irritation over British pressures to get more out of the U.S. market. The CAB recently told the National Air Carrier Association, representing American non-scheduled airlines, that it shared their "serious concern over the recent history of restrictionism with respect to charters that has been evident in U.K. relations," but that it had chosen to resolve these problems "by negotiation rather than retaliation." The CAB argues that, while U.S. airlines are still required to obtain prior approval from the U.K. for every charter flight, it has recently recommended, subject to White House consent, an easing of the regulations governing U.K. charter operations in the U.S. The foreign permits of Britannia Airways, British Airtours, British Midland, Dan-Air and Laker would be amended to remove the so-called "uplift ratio restrictions."

These require those airlines to operate at least three charters from the U.K. into the U.S. for every four they operate out of the U.S.

The British case for a reduction in passenger capacity on the North Atlantic is based on the fact that, according to IATA figures, there are still roughly two seats available for every passenger. Last year, on routes between North America and Europe, the load factor for all airlines was 57.5 per cent. While there have been some limited capacity-reduction agreements (especially during the oil crisis and the subsequent economic recession), the U.K.'s efforts to get these agreements extended have so far failed.

The U.K. also points out that at present there are three U.S. airlines on the route—*Pan Am, Trans World and National*—against British Airways, although British Caledonian has rights to Atlanta/Houston which will come up for discussion in the pending negotiations.

Whether such matters as the other B.Cal. rights on the Atlantic, which it lost under the "spheres of interest" route swapping plan, together with Laker's cut-price Skytrain plan, will also be raised in the forthcoming talks, must depend upon the outcome of any appeal against last week's High Court ruling. This could take months, but it is something in the background that the DoT negotiators cannot ignore—even if the U.S. team allowed them to.

It is against this background that the CAB has chosen to inject another controversial element into the North Atlantic debate. This is its proposals to license more airlines on the route in what is called the "Transatlantic Route Renewal Case."

Some see the CAB's action as a riposte to the U.K.'s own demand for a renewal of the bilateral agreement, although to be fair the transatlantic route case has been around Washington for a long time. But there is no doubt that the U.S. action — still subject to both White House approval and international negotiation — runs directly counter to the British desire to see fewer airlines and less capacity on the route.

## Dissenting

The CAB has recommended two new airlines for the North Atlantic — *Delta* between Dallas/Fort Worth, Houston, Atlanta and London, and North-west between Seattle, Portland, Los Angeles, Chicago, Detroit, Washington, Baltimore, New York (Newark) and Glasgow in Scotland — with flights on to Scandinavia, Finland and Iceland. The two airlines would, in effect, take over the North European tier of routes now flown by Pan American.

At the same time, the CAB is recommending that Natio[nal] Airlines be given new termi[nals] in New Orleans and Tam[pa] Florida, for flights to Lon[don] with Pan Am getting ri[ghts] from Dallas/Fort Worth [and] Houston to London, as well [as] new non-stop Miami-Ma[drid] flights. TWA has been gi[ven] additional rights for tr[ans]atlantic flights to and f[rom] Cleveland, Pittsburgh, St. Lo[uis] Denver, Kansas City [and] Minneapolis-St. Paul.

Apart from Delta, whic[h is] delighted with its award, [the] CAB appears to have ple[ased] nobody, and there is eve[n a] split in the Board, with [its] chairman John Robson diss[ent]ing from the decisions of [the] rest of his colleagues.

In the U.K. the CAB [pro]posals—which cannot bec[ome] effective without the Bri[tish] Department of Trade's appr[oval] —have been greeted co[...]

There is no doubt that, ad[ded] to the difficult situation in [the] U.K. as a result of the Sky[train] decision, they add to the [pre]vailing uncertainty over [the] long-term future on the N[orth] Atlantic, which it will be in [the] interests of both countries, [and] all airlines, to clarify.

The other European gov[ern]ments and airlines will be wa[tch]ing the talks with interest. [The] 1946 Anglo-U.S. Bermuda Ag[ree]ment has been the model [for] most other bilateral air ag[ree]ments throughout the world. [If] the talks are successful, [and] Britain wins a more up-to-[date] pact which is less open to interpretation in its implem[en]tation, other countries [are] certain to follow suit and i[nsist] on a rewriting of their agreements.

WHITE PAPER ON LICENSING OF DEPOSIT-TAKING INSTITUTIONS

# New bank rules will strengthen financial system

**THE WHITE PAPER published yesterday sets out for the first time proposals for a general licensing system for all deposit-taking institutions in Britain.**

**The planned legislation will be a major innovation, providing a unified system of supervision to replace the various forms of banking recognition which exist at present.**

**It will concentrate the supervisory function in the Bank of England, subject to general Parliamentary scrutiny, and for the first time establish a definition of a "bank" as distinct from a licensed deposit-taking institution.**

**The move is in line with EEC requirements but follows directly from the fringe bank crisis in 1973 and 1974 which demonstrated the "defects" in the present system. The proposals are intended to provide greater protection for depositors and to strengthen the financial system.**

**Basic points covered in the proposals include the establishment of published minimum capital and other prudential requirements for banks and deposit-taking institutions.**

**The Bank will be empowered to grant a new statutory recognition as a bank to certain institutions, giving exemption from the licensing provisions but subject to "exacting criteria."**

**The White Paper also proposes establishment of a mandatory deposit protection fund intended to cover sterling deposits up to £10,000.**

**The text of the White Paper says:**

1. Last autumn the Government announced their decision in principle to introduce legislation which would provide for the prior authorisation of deposit-taking institutions.

The Government believe that institutions which take deposits from the general public or from the wholesale money markets should be subject to an adequate system of authorisation and supervision backed by statute where necessary. The building societies and trustee savings banks are already subject to prudential supervision under statute.

The primary banking sector is already subject to supervision by the Bank of England. There are, however, other deposit-taking institutions which are not at present subject to continuing supervision.

The proposals in this White Paper are, therefore directed to the improvement of those arrangements, and in particular to the extension of the system to close this gap. The Government are confident that the changes will both provide greater protection for depositors and strengthen the financial system generally.

**The Need for Legislation**

2. With certain exceptions, such as building societies, a deposit-taking institution in the United Kingdom requires no licence or other authorisation before it commences business. Nor is there any statutory regulation of its subsequent performance.

However the Bank of England has for many years operated a system of prudential supervision over banks and its supervisory role, although not deriving from specific statutory authority, has long been accepted throughout the primary banking sector. This system has a number of advantages.

## Hindered

The ability of banks to adapt to changing circumstances has not been hindered by the comparative inflexibility which could result from a more formalised regulatory apparatus.

Furthermore, the customs and conventions of a self-regulatory system are likely to command more willing and effective support in this field than formal rules imposed by law.

3. Although there is no comprehensive statutory definition of a bank in the United Kingdom, institutions may be given specific recognition as banking undertakings under a variety of statutes for the limited purpose of each statute.

Under the Exchange Control Act 1947, institutions may be authorised to deal in foreign exchange: these have become known as the "authorised banks." Institutions recognised as banking or discount companies under paragraph 23 to the Eight Schedule of the Companies Act 1948 may in producing their published accounts exercise the right to maintain hidden reserves.

Institutions recognised as banks under Section 127 of the Companies Act 1967 are exempted from those provisions in the Protection of Depositors Act 1963 which deal with advertising and the submission of accounts. Institutions recognised as banks under Section 123 of the Companies Act 1967 are exempted from the provisions of the Moneylenders Acts.

Finally, institutions recognised as banks under Section 54 of the Income and Corporation Taxes Act 1970 have the right to pay and receive interest gross of tax. These recognitions do not in themselves imply anything about the financial standing of the institutions concerned, although in practice the first three have normally been granted only to institutions belonging to the primary banking sector.

## Criteria

This proliferation of recognitions—with differing criteria and coverage — causes confusion, which is compounded by the inadequacies of the present arrangements for regulating the use of the word "bank" and its derivatives in corporate names and descriptions.

This makes it difficult for depositors to distinguish between the different categories of deposit-taking institutions, not all of which are subject to continuing supervision by the Bank.

4. The events of late 1973 and 1974 demonstrated these defects. A number of those companies which found themselves in difficulties were deposit-taking institutions not regarded as banks by the Bank of England and were thus not subject to its supervision.

Many of them, however, were recognised under Section 123 of the Companies Act 1967, and frequently described themselves as banks in promotional material. But the Department of Trade had insufficient powers to supervise them, since the Protection of Depositors Act 1963 protected depositors merely by providing for the publication of accounts in specified forms and by imposing certain not very effective limitations on advertising; it did not provide for the continuing prudential supervision of institutions falling within its scope.

This state of affairs scarcely conformed to the minimum desirable standards of consumer protection. However, arrangements were made through the support operation known as the "lifeboat" to safeguard the deposits of the public in a large number of cases where deposit-taking institutions ran into difficulties.

5. The Government believe that these deficiencies should be remedied. The new arrangements which they intend to introduce are described below.

They will meet the United Kingdom's obligations under the EEC's prospective directive on the commencement and carrying on of business by banks and other credit institutions.

**Licensing**

6. Under the new system, institutions will be allowed to carry on the business of taking deposits only if they hold a licence granted by the Bank of England, unless they are either recognised as a bank under the new arrangements described in paragraph 9 below, or are covered by one of the existing statutory schemes referred to in paragraph 13 below.

In order to obtain and hold a licence, institutions will also be required to comply with certain general conditions laid down in the legislation and with published prudential criteria which will be determined by the Bank of England with the agreement of the Treasury.

Although the Government have already formed some view about the nature of these criteria they do not think it would be right to settle the details in advance of consultations with those most closely affected.

7. No company will be granted a licence unless its capital and reserves exceed a minimum figure.

The Government will have to strike a balance, in fixing the figure, between the need for it to be high enough to provide sufficient assurance of financial substance and the need for it not to be so high that it constitutes an undue deterrent to otherwise suitably qualified persons who wish to enter the deposit-taking field.

Institutions will also have to satisfy the Bank of England that their management is honest, trustworthy and suitably qualified to undertake the kind of business which they intend to conduct.

In deciding whether to grant a licence to an existing institution, the Bank of England will also look at its past performance and will assess whether it is likely to be able to meet the standards of liquidity and solvency appropriate to a deposit-taking institution.

## Standards

8. Institutions which receive a licence will thereafter have to satisfy the Bank of England that they continue to meet those criteria and conform to the required standards in conducting their business.

In assessing a deposit-taking institution's business, the Bank will examine appropriate balance sheet relationships and ratios relating to the capital adequacy and liquidity of the institution, the degree of risk attaching to various assets, the matching of liabilities and assets in both sterling and other currencies, the reliance placed on deposits from connected companies and the institution's lending to connected organisations, the distribution of its lending among economic sectors and the provisions and profits that have been made.

This information will be interpreted flexibly taking account of the particular circumstances of each institution. The Bank will be able to attach further conditions to the granting and renewal of licences covering such matters as the appointment of directors or management, and the injection of extra capital.

They will be able to revoke or suspend a licence if they consider that the company no longer meets the standards required of a deposit-taking institution. There will be a right of appeal to the Treasury against the refusal or revocation of a licence.

**Recognition as a Bank**

9. The Bank of England will be empowered to grant a new statutory recognition as a bank to certain deposit-taking institutions which will exempt them from the licensing provisions of the Act.

Exacting criteria for such recognition, covering such matters as minimum capital and reserves, the type or range of banking services required to be provided, and the reputation or status needed, will be determined by the Bank with the agreement of the Treasury and will be published.

## Supervision

It is expected that most of the institutions which comprise the present primary banking sector will qualify for such recognition. The arrangements for their supervision will remain unchanged, although in the considerably strengthened manner that has recently been introduced in response to the experience of the early 1970's.

There will be a right of appeal to the Treasury against the refusal or revocation of this recognition.

**Banking Names and Advertising**

10. The Government intend to extend the existing controls over the use of the word "bank" and its derivatives. Recognised banks will be permitted to use the word "bank" in their name and to describe themselves as banks, or as carrying on the business of banking; licensed institutions will not.

The National Savings Bank and the Trustee Savings Banks will be permitted to continue to use the word "bank".

The proposed legislation will also empower the Treasury, acting in consultation with the Bank of England, to issue regulations governing the content and form of advertising for deposits; this will replace the comparable provisions in the Protection of Depositors Act.

**Deposit Protection Fund**

11. In any system of prudential supervision a balance must be struck between ensuring on the one hand that deposit-taking institutions conduct their affairs with an appropriate degree of caution, and on the other that they are free to explore and develop new areas of business which may be profitable not only to the institutions themselves but also valuable to the economy as a whole.

No supervisory system can exclude altogether the possibility of an institution finding itself in difficulties.

The Government, therefore, propose to institute a mandatory deposit protection fund which will provide the public with an additional safeguard against the loss of deposits.

The Government are still considering the details of the scheme, but they intend that it should relate to sterling deposits up to £10,000 (or the first £10,000 of larger deposits) with all licensed deposit-takers and recognised banks. The fund will be administered by the Bank of England.

**Northern Ireland**

12. Financial institutions in Northern Ireland are subject to statutory controls similar to those in force in Great Britain. Some of these are administered by Northern Ireland departments under powers conferred by separate legislation: others are administered on a United Kingdom basis.

The Government have decided that the proposed licensing and supervisory system will apply in Northern Ireland as in Great Britain through a single Act of Parliament.

EXCLUSIONS —
*Building Societies, Giro, Trustee Savings Banks and Friendly Societies*

13. The supervisory arrangements described above will not cover the building societies, trustee savings banks, the National Savings Bank, the National Giro and friendly societies which are already satisfactorily regulated and supervised under statute.

But the trustee savings banks have recently begun a transformation process which will, over the next few years, enable them to expand progressively their range of banking services.

The Government envisage that they will be brought within the arrangements proposed in this White Paper at the appropriate stage in their development. The arrangements will also not apply to stockbrokers who are regulated by the Council of the Stock Exchange.

*"Deposits" with Estate Agents and Traders*

14. "Deposits" will be defined in the legislation in a way which will exclude part payments for future acquisitions or services.

## Solicitors

The legislation will, therefore, not apply to deposits taken by solicitors, estate agents and a wide range of other traders who take deposits as such part payments.

Branches of Overseas Deposit-Taking Institutions

15. Branches of overseas deposit-taking institutions operating in the United Kingdom will, like deposit-takers incorporated in this country, need to hold a licence or be recognised as a bank in order to take deposits.

The Bank will be concerned to ensure that they conform to appropriate standards in the conduct of their business, but the arrangements for their prudential supervision will remain primarily a matter for the supervisory authorities in the country of origin.

Branches of overseas deposit-taking institutions will not be required to have separate endowment capital in the U.K. Branches of overseas deposit-taking institutions with head offices elsewhere in the EEC which are licensed in the U.K. may be entitled to use the banking names by which they are known in their country of origin.

**Transition and Special Cases**

16—The new system will apply both to institutions wishing to take deposits for the first time and to deposit-taking institutions in existence at the time the Act comes into force.

The latter will be given an adequate period, probably 12 months after the Act receives the Royal Assent, in which to meet the new requirements.

The Bank of England will be prepared to discuss with any of the institutions affected its prospects of obtaining a licence or being granted recognition as a bank.

17—Certain institutions which carry on the business of taking deposits and which are not supervised under existing legislation, for example credit unions, certain retail co-operatives, municipal or local banks and the Scottish uncertified savings banks, may not fit easily into the proposed arrangements.

The Government will, therefore, hold consultations with these and any other groups of institutions which may find it difficult because of their special circumstances to comply with the requirements of the proposed legislation.

## Legislation

18—The Government have already begun to rationalise the existing statutory banking recognitions. Once the Consumer Credit Act 1974 is fully in operation, the Moneylenders Acts and Section 123 of the Companies Act will be repealed.

The implementation of the proposals outlined above will involve the repeal of the Protection of Depositors Act and of Section 127 of the Companies Act 1967. The provisions of the Income and Corporation Taxes Act 1970 in respect of institutions carrying on banking business in the U.K. will be amended in due course to take account of the new system. However, the existing system of authorisation under the Exchange Control Act 1947 will continue separately, since that has to take into account additional criteria specifically relating to foreign exchange business.

The existing recognitions which have been granted in the past for the purposes of the Eighth Schedule of the Companies Act 1948 will continue, pending review of the provisions. Once the new arrangements come into force, the status of any deposit-taking institution will be clear from its designation under the new legislation.

## Stability

No institution will be permitted to take deposits unless it satisfies the criteria in the legislation about financial stability and probity. The Government hope to introduce the legislation to give effect to these proposals as soon as the Parliamentary timetable permits.

**PARLIAMENTARY ACCOUNTABILITY**

19—The general arrangements for supervision will be subject to Parliamentary scrutiny in three ways. The framework will be laid down in the legislation. The criteria to be used by the bank in deciding whether individual institutions should [be] licensed or recognised as b[anks] will be agreed between the B[ank] and the Treasury.

They will be laid before [Par]liament when they are origin[ally] prescribed, and as and w[hen] they are varied to meet chan[ging] circumstances. Finally, the B[ank] will report annually on the [exer]cise of its supervisory respo[nsi]bilities: these reports will be [laid] before Parliament and will [also] be available to the Select C[om]mittee on Nationalised In[dus]tries.

There will, therefore, be accountability to Parliam[ent] through Treasury Ministers [for] the operation of the ov[erall] system by the Bank.

The handling of indivi[dual] cases will be a matter for [the] Bank: Treasury Ministers [will] not be in a position to an[swer] questions on them, unless t[here] is an appeal, which will be [sub]ject to a statutory inquiry wi[thin] the meaning of the Tribu[nals] and Inquiries Act 1971.

**CONCLUSION**

20.—The Government be[lieve] that these reforms will be wi[dely] welcomed within the finan[cial] community.

By better protecting [the] interests of depositors, the arrangements will increase [con]fidence in the strength of [the] financial system and help [to] ensure that it will be able [in] the future to make an e[ven] greater contribution to [the] national economy.

*The Licensing and Supervi[sion] of Deposit-Taking Instituti[ons]. Cmnd. 6584. SO 20p.*

# The Management Page

EDITED BY JOHN ELLIOTT

NATIONALISED INDUSTRIES REPORT

## A Boardroom role for consumers

AT A TIME when trade unions are doing their best to gain an increasingly powerful voice in the way that industries and businesses are run, it is scarcely surprising to find other interest groups trying to cash in on any spare seats that may be left in Boardrooms. One of the problems being faced by the Bullock Committee of Inquiry on Industrial Democracy indeed is who might be admitted to Boardrooms in addition to trade union and shareholder representatives.

Various suggestions have been floated, although none of them has gathered much support. One has been to give management some of the seats while other nominees have included a company's customers or creditors. This however would raise problems. Should, for example, British Leyland, as a customer, have a seat on the Board of companies such as GKN and Lucas which supply it with components—Or should the raw material suppliers of GKN and Lucas—as creditors—also have seats on their Boards?

Even more of a problem is how to organise any representation of consumers. In evidence to the Bullock Inquiry, the National Consumer Council (NCC) proposed that "if trade unions are to have representatives on Boards, then so should consumers." But the Council failed to explain precisely how such consumer directors might be found—beyond a vague suggestion that they might be recruited from the public through newspaper advertisements.

Now, however, the NCC has come up with a sharper proposal for the nationalised industries. It wants the chairman of the consumer councils of these industries to be appointed to their relevant Boards where, it is envisaged by the NCC, they would "help to protect management from constant interference by Government and unions." The Council also suggests that other consumer representatives should be appointed as well.

These proposals have now been presented to Mrs. Shirley Williams, Prices and Consumer Protection Secretary, by the NCC in a report which she commissioned 18 months ago on consumer representation in nationalised industries. The report was published yesterday and proposed a host of changes to consumer representation, basically hinging around streamlining or improving the consumer organisations, giving them more power, and providing them with the Board seats.

There would be new national consumer councils for electricity, water and air transport while other transport councils would be enlarged to include buses and the coal users' council would be improved. They would be housed together in one building and each would be headed by a £8,000 a year chairman while sharing common services. But the changes would not lead to increases in overall costs because of savings on some regional and other organisations.

All the councils would be given two months' advance notice of changes in their industries' tariffs and services. Then, to add force to this, the Minister responsible would have to obtain approval from Parliament if he decided to let the changes go ahead despite opposition from the Councils—as used to happen under the 1967 Iron and Steel Act.

But the decision to back this up with a call for consumer directors means that the council is no longer content to have consumers operating only outside industries, merely trying to influence the policy decisions of the industries and their sponsoring Government Ministries. Instead it wants to move into the realms of management and bluntly states that it believes that "an alliance between consumer representatives and management" could help to enhance efficiency and to pass the resulting gains on to the consumer.

**'The paramount interest of the consumers is in enhancing efficiency and getting the fruits of greater efficiency passed on to the consumer in the form of better service and lower prices. An alliance between consumer representatives and management could help to achieve that goal'**

Precisely how much influence one or two consumer directors could have on a top Board probably divorced from day-to-day management is not spelt out although the council was told that electricity consumer chairmen who sit on their industry Boards do believe they have been able to help consumers.

But, in much the same way that there is a strong body of trade union opinion opposed to confusing the unions' role with that of management, so there is also a dissenting consumer view. "The case against Board membership for consumer council chairmen is that this could make them 'industry men' through and through," says the council in its report.

"How can they both run with the hare and hunt with the hounds? People who prize the independence of the consumer councils above all else fear that, even if individual chairmen scrupulously avoid alignment with their industry, they may wrongly appear to others to be compromised and that this appearance (even if it was not the reality) would do more damage to the consumer council than any benefits from Board membership could outweigh.

"Within their own councils too, even the most consumer-minded chairmen might find that, if they spoke in favour of some contentious aspect of the corporation's policy, their colleagues might be tempted to discount their views on the grounds that these had been coloured by Board membership. At worst, collective responsibility for Board decisions might prevent chairmen who had been even unwilling parties to those decisions from subsequently criticising them firmly in their consumer councils."

The NCC's solution to this dilemma is to strengthen the role and authority of the individual councils and their chairmen. Then, it says, Board membership "can help consumers by ensuring that the consumer interest can be pressed during the initiation of industry policy, rather than subsequently as a response to a policy already formed, by ensuring that matters important to consumers are debated fully at the highest possible level; by giving the councils, through their chairmen, early warning of coming changes and developments; by ensuring access to the full range of operational and financial control information used by the Boards themselves; and by giving council staff and members in their dealings with industry staff, the authority which Board membership would bestow."

All this, the NCC believes, is specially important in the nationalised industries if trade unions are to gain Board seats because of the special harm that nationalised industry strikes can cause. "To somewhat counteract that power, and so to ensure that not all the benefits of increasing productivity are kept for the people employed in that industry, consumer members on a Board could have an important part to play," says the NCC.

*National Consumer Council Report No. 1. Consumers and the nationalised industries. S.O. £3.50.*

**John Elliott**

BUSINESS PROBLEMS BY OUR LEGAL STAFF

### Tax on 'golden handshakes'

**In order to minimise tax liability on a "golden handshake" could I take up to £5,000 in one tax year and £5,000 in the next? Would compensation in respect of non-taxable fringe benefits be taxed? Can you recommend any reading on the matter?**

A golden handshake is assessable as income of the year in which the employment terminated, so it makes no difference if the lump sum is paid (wholly or partly) in a later year. There may be a temporary difference in the amount of PAYE deducted, but the ultimate liability will be the same.

The tax charge on golden handshakes extends (inter alia) "to any payment . . . which is made . . . either directly or indirectly . . . in consequence of, or otherwise in connection with, the termination of the . . . employment." The taxability of the benefits attaining to the employment does not affect the taxability of the golden handshake.

If you wish to do further research, you will find the legislation in sections 187 and 188 of, and schedule 8 to, the Income and Corporation Taxes Act 1970 (as amended by subsequent Finance Acts).

### Tax on sales of silver

**Referring to your reply of June 2 relating to sales of silver, I have a fair collection of proof silver coinage, which I imagine would not be liable to tax if I sold it. Am I right? I also have about £400 tied up in silver Bolivars. Would this be liable to tax on resale?**

From what you say, we do not expect that you will be faced with an income tax demand if you sell your collection, but you may be liable to capital gains tax. Current foreign coins are within the scope of capital gains tax (under sections 22(1) (b) and 30(6) (b) of the Finance Act 1965) but sets of obsolete coins worth less than £1,000 may escape (under Section 30 (4)). The rules are complex and we are not sure what range of value you are asking about.

Your bolivars are more vulnerable to an income tax attack. There is no income tax exemption for small disposals as there is for capital gains tax (£1,000 a year, broadly speaking, under clause 44 of the Finance Bill as originally published) but, of course, an inspector might give a smallish sum the benefit of the doubt, as not justifying the expense of an argument.

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

65 PENSIONS and BENEFITS

## The effects of bargaining

BY ERIC SHORT

WORKER PARTICIPATION in the management of companies has not yet reached the blueprint stage. But the White Paper published in June showed that the Government has reached the scale model stage as far as participation in companies' pension schemes is concerned. And it has certainly produced a storm of controversy.

The White Paper proposes 50-50 representation, with the trade unions having the sole right of determining the member representatives—a move hailed as a victory for industrial democracy by Mr. Stanley Orme, the pensions minister, and as a drift towards corporate enslavement by trade unions by his opposite number, Mr. Patrick Jenkin.

The controversy has centred almost entirely on the rights of non-union members of pension schemes to have a voice in the selection of employee representatives. Although this is obviously very important, no one has really considered the possible effects on the future of company pension schemes, what it will mean to employers and what action can be taken to mitigate the effect of the proposals are implemented as they stand.

### Unions

It would appear that the Government took as its model the practice of representation in the pension schemes of the nationalised industries where union membership is virtually 100 per cent. even for staff and where the number of unions involved is usually limited and joint union bodies have been established for some time. But in many large private companies, union membership is far from 100 per cent.—especially among white collar workers and there will also be immense problems arising from trade union selection of representatives.

If the employer does not have a pension scheme already set up or has one that will need substantial improvement in order to contract out, the simplest solution will be to contract into the proposed State scheme. He can then top up benefits on a selective basis with a life company leaving very little administration to be done. In such circumstances union and non-union representation, inter-union disputes, and other factors mean very little.

The pensions industry has strong reservations that the White Paper will tip the scales towards contracting in for those employers at present sitting on the fence. It feels that the best interests of employees will not necessarily be served by such action and will effect the opposite to that proposed by the White Paper. But by taking such a decision, employers could be avoiding future trouble.

However, where the company has already established a good pension scheme providing high benefit levels, the situation is entirely different. The solution of contracting in is not really available, because members, whether in a union or not, will not take kindly to seeing those benefits altered or reduced.

An employer could well receive demands from non-unionists for special representation. He might then decide to fragment the pension schemes as far as possible to separate union and non-union interests.

This would be putting the clock back with a vengeance. Up to a few years ago companies which provided pensions for their manual workers did so by using a separate scheme from the other staff, often providing a much lower benefit level. Union pressure has been towards equality of benefits for both manual and white collar staff with equality of treatment so that the company paid the same contribution for each class of employee.

There are also many economic and financial advantages in having one common pension scheme. Administration costs are reduced and the investment fund is enlarged so that a wider spread of assets, including direct property investment, can be held. But these may not offset the problems of trying to reconcile the irreconcilable with various union and non-union interests.

Several large companies have indicated that they are seriously considering setting up a separate pension scheme for senior and middle management as well as for directors and key executives.

Separate schemes for staff and manual workers is another natural division which pension funds members may well insist upon in order that representation will reflect members' interests.

In the past the general feature in groups has been to negotiate fringe benefits on a global basis even if wages are dealt with at plant or works level. But several pension fund managers are discovering that shop stewards are now becoming much more concerned with pension decisions and want to be consulted at plant level. The regulations under the Social Security Pensions Act impose a legal obligation, on employers to consult both employees and their trade union representatives. The position is not completely clear but it does not appear to be an either/or situation and in some groups shop stewards are insisting on consultation.

### Consult

Pension fund managers are now experiencing the problems of dealing with many different trade union representatives and shop stewards, problems which their senior executive colleagues have been coping with for many years. Fund managers are fortunate in that their obligation is to consult not to negotiate, because some are finding that there is very little unanimity over the decision to contract-in or out.

One pensions manager recently stated that the trade union officials' proposals in one of the divisions in his group made it very clear to him that they were not the slightest bit interested in what other union officials in the other divisions of the group wanted concerning pension provision. Fortunately for him the group does have separate schemes for each division and the blueprint drawn up to amalgamate the schemes has been consigned to the waste-paper basket. This may be the only answer if inter-union problems prove to be intractable.

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WEDNESDAY, AUGUST 4 1976

# Supervising the 'banks'

THE NEED for closer supervision of deposit-taking institutions became clear a couple of years ago, with the collapse of several so-called secondary banks, and the establishment of the "lifeboat" to safeguard depositors and maintain confidence. But there were two factors at work, even before that collapse, which made a rationalisation of existing practice desirable. First, the fact that there is no one legal definition of a bank in this country but a number of ways in which deposit-taking institutions can rank as banks for the purpose of particular pieces of legislation has long made for confusion among the public and inadequate supervision by the authorities. Second, there will sooner or later be an EEC directive on this matter with which the U.K., like other members, will have to comply.

Before our own recent difficulties with secondary banks, in fact, the Bank of England tended to oppose the EEC's inclination to lean heavily on prudential financial ratios for the purpose of supervision, preferring its own more flexible methods. Its attitude has since changed to some extent, and yesterday's White Paper speaks of the need to comply with certain minimum prudential ratios. But the working party whose report was published by the Bank last autumn made it clear that such ratios have to be interpreted with discretion: and the White Paper suggests that the published ratios, once they have been discussed and negotiated, will be very much minimum ratios.

### Criteria

The broad plan is that all deposit-taking institutions, save those which (like the clearing banks and larger merchant banks) are specially recognised by the Bank of England and those which (like building societies and the National Savings banks) are already covered by legislation of their own, will in future have to be licensed by the Bank of England and will not be entitled to describe themselves as banks or conducting a banking business. The larger banks will continue to be supervised by the Bank along the stricter lines that have recently been the rule. Other deposit-taking institutions, both to obtain a licence in the first place and then retain it, will have to be of a certain size, satisfy certain financial conditions, and convince the Bank that its management, liquidity, outside affiliations and so forth are such as to justify it seeking deposits from the public.

Since the information provided is to be "interpreted flexibly, taking account of the particular circumstances of each institution," it is clear that ratios alone will be of secondary importance. There will be a right of appeal to the Treasury if the Bank refuses or revokes a licence, and the Treasury, acting in consultation with the Bank, will take over responsibility for regulating the content of advertisements. The general arrangements for supervision (not particular cases, except when there is an appeal) will be open to the scrutiny of Parliament through an annual report drawn up by the Bank and available to the Select Committee on Nationalised Industries.

### Inflation effect

Two other points with international implications must be mentioned. First, the Government plans to set up a deposit protection fund as a safeguard of last resort against loss. It will be administered by the Bank and probably cover the first £10,000 of deposits. Despite the objection of the clearers, that this subsidises their competitors, the EEC is interested in getting a similar scheme established on a European basis to reduce any prejudice against depositing money with a financial institution in another country of the Community. Second, branches of foreign institutions will need to be recognised as banks or be licensed, but the supervision of their prudential ratios will be primarily the responsibility of the authorities in their country of origin: institutions with headquarters elsewhere in the EEC "may" be entitled to use the banking names by which they are known at home. These changes will greatly increase the safety of depositors at home and go a long way towards meeting the demands of the EEC for a common scheme of regulation. What they cannot prevent is the difficulty which banks and other financial institutions the world over find in maintaining an adequate ratio of free capital at a time of high inflation.

# The freedom to be a mercenary

GIVEN THE UTTERLY LOADED terms of reference, the report of the three Privy Councillors on the recruitment of mercenaries is not a bad attempt at coming down on the side of the liberty of the individual. There seems little doubt that, had the terms of reference been neutral, the report would have opposed any restrictions on either recruitment or enlistment. The terms being what they were, however, and Lord Diplock and his colleagues having accepted them, the committee was obliged to support some form of restrictive legislation.

### Control

The committee was set up in February this year after the recruitment of some 160 men in the United Kingdom to serve in Angola. In the light of these events, it was asked "to consider *whether sufficient control exists* over the recruitment of U.K. citizens for service as mercenaries." The italics are ours but serve only to underline the built-in bias. There was no question that existing control might be already too great and the question of whether the Government should exercise any control at all was not even considered.

Yet, as the committee points out, it is no offence to be a mercenary under international law and indeed under various Geneva conventions mercenaries taken prisoner are entitled to the same treatment as other combatants. As it further points out, the only existing British piece of legislation—the Foreign Enlistment Act of 1870—was not only drawn up under entirely different circumstances, there has never been a prosecution, let alone a conviction, under it in connection with enlistment or recruitment in the 106 years that it has been on the statute book.

The plain preference of the committee indeed is for repealing the 1870 Act and for putting nothing in its place. It considers the idea of making it a statutory offence for a U.K. citizen to enlist as a mercenary while abroad, but rejects it partly on the grounds that such a law would be very difficult to enforce and partly because it would be an infringement on individual freedom. It then also rejects the idea of making it an offence to enlist in the U.K. itself because such a law would again be very easy to evade.

It is at this point, however, that the committee runs up against the terms of reference. Since the Government obviously wants something to be done, it proposes that it should be an offence to recruit rather than enlist, and that the Government should be able to say, by Order in Council, to which armed forces or parts of the world recruitment is illegal.

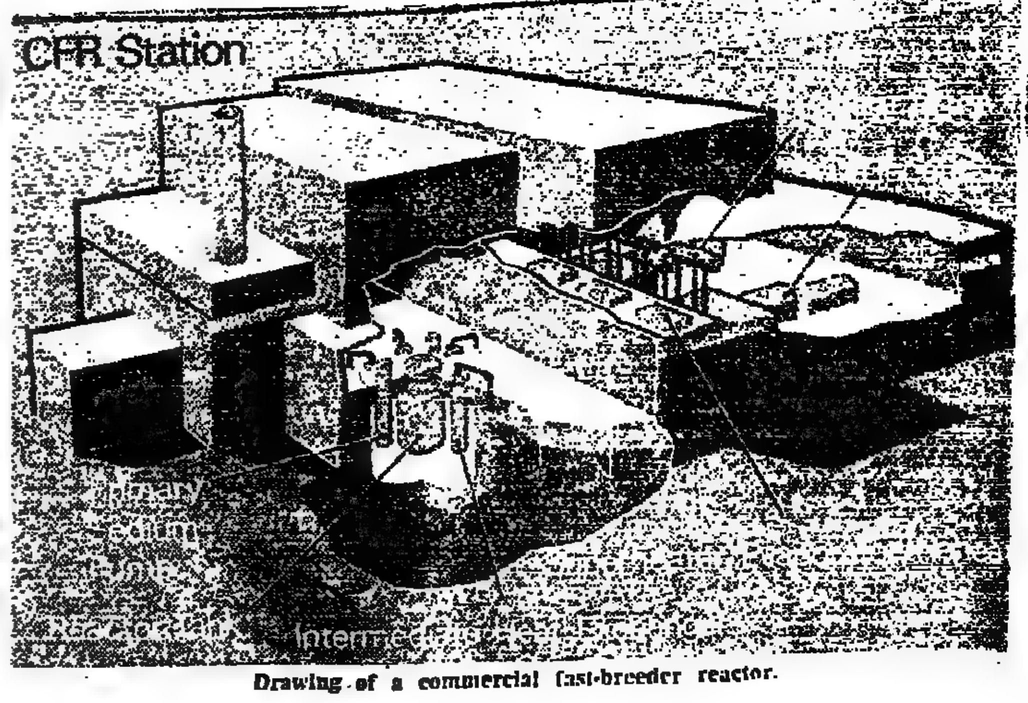
### Corollary

It is clear from the wording that the Committee hopes the powers would not be much used. The danger is that they might. The potential restrictions on the freedom of individuals are considerable. They also affect the freedom of the Press since the committee says it would be necessary to ban not only recruitment advertising, but reporting about what was going on. They further open the way to political blackmail. If the British Government believes in freedom of choice, it should not accept an instrument which would allow Angola, the Soviet Union or any other power to say it does not like what British citizens choose to do.

There is an important corollary. If, as we suggest, the decision on whether to become a mercenary is a matter for the individual, it should also be made clear that the individual must be prepared to take the consequences. He cannot expect the British Government to bail him out.

Britain has yet to choose between a British or an American design for its new reactors but, as **David Fishlock** reports, the battle is already on for the next generation of nuclear power stations.

Sir Brian Flowers




Drawing of a commercial fast-breeder reactor.

# Queries over nuclear future

WHATEVER decision is reached on Britain's "steamer" reactor—and Mr. Anthony Wedgwood Benn, Secretary for Energy, indicated this week that he was not yet convinced of the case for abandoning it—the longer-term future of the nuclear industry in this country is tied, almost certainly, to the development of the fast breeder. Mr. Wedgwood Benn has promised Parliament a decision on this in the autumn, but the nuclear engineering companies can draw some comfort from the fact that the first major component development contract for the commercial fast reactor, known as CFR 1, won Treasury approval some weeks ago.

Britain's over-riding handicap as a nuclear nation is that it has failed to find any indigenous uranium that might be exploited at anything remotely approaching an economic price. Neither Highland granite nor seawater will yield their traces of uranium without a costly struggle. Vulnerability to the world price and availability of uranium was the reason which from the earliest days drove the Harwell scientists to invent their "breeder" type of reactor.

## Efficient use of fuel

The last breeder can make much more efficient use than other reactors of uranium, a metal with virtually no other uses except as a nuclear fuel. All commercial reactors to-day slowly convert their uranium fuel into plutonium, a man-made metal which because it is fissile can also serve as a nuclear fuel. The fast breeder type of reactor will convert uranium to plutonium much quicker—if all goes well, slightly faster than it is consuming its fuel.

Such reactors will in effect be "breeding" fresh fuel. They are expected to make much better use of uranium, by a factor of 50 or 60, than present-day types of reactor. No other fuel technology can remotely approach this as a long-term prospect for fuel conservation. Given commercial fast breeder reactors, it has been estimated that existing British stocks of uranium already exceed in energy content its accessible reserves of coal.

The Government would dearly love to delay still further any decision about CFR 1, proposed as one of two full-scale demonstrations of the fast breeder concept and of all its safety and security systems. The Government's foremost fear is that those who oppose nuclear energy will focus their assaults on the use it makes of plutonium, and thereby heighten the temptation for terrorists to steal some plutonium—as raw material or even as a nuclear weapon and to hold the nation to nuclear ransome long before CFR 1 is working.

BRITAIN'S CIVIL PLUTONIUM STOCKS (in tonnes)

| Year | Ponds (spent fuel) | Reactors (fuel) | Stocks (Windscale) | Total |
|---|---|---|---|---|
| 1975 | 1 | 8 | 4 | 13 |
| 1980 | 2 | 11 | 15 | 28 |
| 1985 | 7 | 16 | 27 | 50 |
| 1990 | 10 | 33 | 38 | 81 |
| 1995 | *32 | 109 | *5 | 146 |
| 2000 | 55 | 186 | *8 | 250 |

* Buffer stocks, once commercial fast reactors absorb most of the stockpile.

The fact is that many tons of plutonium are already stored and in transit in Britain, not just in concrete vaults in the heavily guarded national stockpile at Windscale, but in nuclear installations around the country, both in highly refined form as nuclear explosive, and in highly contaminated form as spent nuclear fuel. Even if Britain builds no commercial fast reactors, the national stockpile (excluding explosives) is expected to grow at the rate shown in the accompanying table, as a by-product of present-day types of reactor. At the moment the public is far less aware of the tight security that surrounds all plutonium movements and stocks, than it was of the security for athletes locked behind tall steel fences in the Olympic Village, or what is done to guard gold which most countries move under armed guard.

The Government's second fear—although it is much less pronounced than it was only two or three years ago—concerns the intrinsic safety of the reactor itself. The central problem has nothing whatever to do with the oft-touted scare that water and molten sodium in the reactor will explode violently if they come into contact. It has everything to do with the speed of response of a fast breeder, and whether it can be so engineered that no matter what happens its immense flux of heat can be carried away safely.

Two years ago an ultra-cautious chief nuclear inspector found it difficult to accept the case for safety put forward by the U.K. Atomic Energy Authority for its 250 MW prototype station at Dounreay, only one-fifth of the size of CFR 1. Now the Government has been reassured by the Health and Safety Executive—to which the new chief nuclear inspector reports—that it expects no intrinsic problems with licensing CFR 1.

On this point the Government expects a second line of reassurance—albeit one that may carry more weight with the public—from the report on Nuclear Power and the Environment, expected from the Royal Commission on Environmental Pollution in September. Sir Brian Flowers, the chairman, has plainly had problems in reconciling some very disparate views among his (lay) commission. Above all he wants to avoid the confusion of minority reports from dissenting members.

The Royal Commission will therefore differentiate clearly between CFR 1 and the idea of a programme of commercial fast reactor breeders. Sir Brian has been dropping enough hints in Whitehall and public to show that the Royal Commission will give tacit approval to CFR 1. To quote from his most recent public statement, at a *Financial Times* conference early this month: "There is no doubt that CFR 1 can be built and operated, given adequate safeguards and adequate resources, so as to be environmentally acceptable as an object in itself: we therefore do not oppose it."

But he went on to warn—and this point has been seized upon eagerly by the opponents of nuclear energy—that CFR 1 is "a billion-pound step down a technological path which may later prove unacceptable or even catastrophic." He argued that the Government must make more energetic efforts to solve the environmental problems that the Royal Commission foresees arising from a programme of fast breeders—most particularly for plutonium security and the "ultimate" disposal of nuclear waste—and to explore alternative energy sources. He ended by adding that he was confident that the Government would agree to expiate what he called its "sins of omission."

## Launching costs

The central reason why the Government believes it can no longer delay approval for CFR 1 is that it has been made all too fully aware of the cost and the risks of trying to launch alone any new nuclear reactor, much less a reactor engineered to the standards of the commercial fast reactor. It is under great pressure from France and West Germany to come into a partnership to share launching costs which will certainly exceed those of Concorde.

The French Government has already given its approval to Superphénix, a CFR 1 of very similar size and design to the one being worked on in Britain. The plan is to build Superphenix as a Franco-German-Italian project, starting next year. But in anticipation of a wider collaboration that brings in the U.K., the Central Electricity Generating Board has been offered a 10 per cent. share for an "entrance fee" of about £60m.

Less urgent, perhaps, but nevertheless important is the question how to sustain a worthwhile nuclear engineering capability in Britain in a situation where, apparently, no new reactors need be ordered to meet increased electricity demand for some years ahead. The start of the 4,000 MW programme of "steamer" reactors has already been delayed until 1978 at least, and the AEA has now recommended that it should be dropped, probably to be replaced by the light water reactor.

The Government has already spent about £300m. on the fast breeder. The rate of spending has been rising steadily and now approaches £50m. a year, mainly on safety, fuel and fuel processing, and materials and components designed to operate in its molten sodium coolant.

The time scale has extended greatly since 1971, when Sir John Hill, as the Government's chief nuclear adviser, told a UN conference in Geneva of a plan which could mean three, even four commercial fast breeders operating or under construction in Britain by 1980. Heightened concern for nuclear safety has greatly increased the costs and also reduced breeding performance because room must be found for so much more instrumentation.

The current and vastly more cautious plan calls for a single commercial-size demonstration, followed by another "as a final step before large-scale ordering commences." What is more, before the design has been frozen—perhaps even before the order is placed—Britain may have some experience at full-scale of the steam generators which the nucl[ear] industry has found one of [the] most troublesome compone[nts.] They use reactor heat to r[aise] steam.

The contract just plac[ed,] worth £10.5m. is for three ste[am] generators for the Dounr[eay] prototype fast reactor, on wh[ich] Babcock and Wilcox and Cla[rke] Chapman-John Thompson h[ave] agreed to collaborate. The ste[am] generators will be of the des[ign] and size required for CFR [1.] The U.K. AEA hopes to m[ount] them in 1979, for a full-s[cale] test under conditions that oth[er]wise would have requi[red] expensive new sodium test [rig.] It will be the first of m[any] large component developm[ent] contracts that must be place[d.] British heavy industry is [to] learn to engineer the [fast] breeder to the standards [of] quality required—claimed [to] exceed even aircraft standa[rds.]

## Prospective partners

The Government's immed[iate] problem, then, is to fin[d a] formula that will commit [the] U.K. to the fast breeder fir[mly] enough to convince prospec[tive] partners overseas that Brit[ain] means business, and to convi[nce] designers at the Nuclear Po[wer] Company that they really [do] have a project (and cash): [and] yet not so firmly as to comm[it] the nation irrevocably [—] Concorde-like—to a com[mitment] which could later prove to [be] financially disastrous.

If the Government finds s[uch] a formula, the Nuclear Po[wer] Company, set up by the Gove[rn]ment to design and build [re]actors, will survive cancella[tion] of the 4,000 MW "steamer" [pro]gramme, although it will pr[ob]ably broaden its remit [to] undertake much of the £1 [...] investment programme anti[ci]pated by British Nuclear Fu[els.] If the Government fails to [find] the formula this autumn, it-[will] consign some of the best tech[ni]cal brains of the nation to [a] further indefinite period [of] what one despondent sen[ior] executive in the nuclear ind[us]try refers to as a "superior fo[rm] of the dole."

# MEN AND MATTERS

### Swinging Bulgaria

Bulgaria, as far as I can gather, is a land of noisy restaurants, dyspeptic diners, extremely short cinema programmes and even more brief theatrical performances. This is not a piece of routine capitalist propaganda but the jolly view of life presented by the Bulgarian Telegraph Agency in its latest news bulletin.

Cast aside any lingering ideas you may harbour about Communist eating out being a depressing business in shabby establishments. "A number" of restaurants boasting orchestras in Sofia, capital of Bulgaria, were visited by the city's town hygiene and epidemology inspectorate trotting round to examine the effect of noise on the health. In some of these places, those sitting near the orchestra were blasted by noise up to 90 decibels, "a level at which a number of untoward reactions arise in the body."

The point is, the inspectorate reported, "noise of high intensity impedes the assimilation of food. Under its action, there is congestion of the capillaries of the mucous membrane of the stomach and intestines and their normal blood supply is disturbed. The action of the digestive glands and the peristalsis of the gastro-intestinal tract is also disturbed. The amount of gastric juice diminishes." The doctors also reckoned "that man's nervous system, which in general is very vulnerable to noise, becomes still more so when he is eating.

"These physicians," the bulletin concludes quaintly, "do not think that good music, which is conducive to a good mood, should be driven out of restaurants and canteens, but they are resolutely against the excessive zeal of noisy bands."

Of course, there is a bit of sense in the foregoing piece of gastronomic inquiry, but when we come to Bulgaria's entertainment industry, things sound really odd. I'll let the bulletin speak for itself: "In a sociological inquiry about time budgeting it was found that the movies are a favourable form of entertainment with Bulgarian workers in their leisure time.

"On an average in every 24 hours each of the workers, who gave answers in the inquiry, spends four minutes of his time in the cinema and only one minute on the theatre, opera, operetta, concert and circus taken all together." All together? So noisy, and if they're hungry, so bad on the digestion too. (All right, I know what they mean, but there must be a better way of saying it.)


### Rather see the film

The first pieces of "instant history" on Israel's Entebbe exploit are already appearing in the form of paperbacks which disdain short perspective and attempt to tell the real story of the raid. Many of the details are still not clear, and in Israel itself the two books rushed out so far are not selling well. There is much more interest in the arrival of Hollywood: at the last count, 16 film production companies want to make *the* authorised version of the raid.

One company is talking in terms of a $15m. to $20m. budget, so any film on Entebbe is bound to be the biggest single boost to the film industry locally since Otto Preminger made Exodus back in 1960. Also, the Israelis are obviously going to come out first-rate heroes which should give the country a good psychological boost.

Thus the project is important enough for Prime Minister Yitzhak Rabin himself to be heading a senior cabinet committee to consider how much assistance should be given to whoever makes a film. Warner Brothers, Paramount and Universal have representatives in Jerusalem, but Warner could be on an inside track—Ted Ashley, president of Warner Communications, not only saw Rabin a week after the raid but already knew him, having organised a successful reception when the Premier was in Los Angeles last winter.

Doubtless whoever gets to make the film or even films, the Israeli army will be asked for help with props and information, and the makers can certainly count on there being no shortage of authentic military extras.

### Meanings

I know it is unkind, but it is hard to resist picking sometimes on statements of the obvious. The British Paper and Board Industry Federation, for instance, has done sterling work by producing a booklet designed to "enable a quick reference and access to words or terms" encountered in the Acts of Parliament covering industrial relations and employment.

So don't blame the federation when it points out that under the Health and Safety Act, "'building' means any permanent or temporary building ..." Good to know that the word "day" is reckoned to mean "the period of 24 hours from midnight to midnight..." and that "man" under the Sex Discrimination Act "includes a man of any age." Nice to be able to confirm too that "working hours" are defined in relation to an employee as meaning "any time when, in accordance with his contract of employment, he is required to be at work."

### Oily

Now that Lord Kearton's British National Oil Corporation has taken over much of Burmah Oil's North Sea activities a new "knock knock" joke (you'll have to say, or at least murmur, it out loud) is going round the oil industry.

"BNOC, BNOC."
"Who's there?"
"Kearton."
"Kearton who?"
"It's Keartons for Burmah."

### Cutting

This modern world can be unkind. An advertisement put out by a New York company runs: "The fabled Sikh Kirpans of India's Maharajahs are prized throughout the world for their extraordinary beauty. Now, in the Indian state of Punjab, where the skill of fashioning these famous swords has been handed down from father to son for generations, they have developed a refinement of this great art. They now make the handsome letter openers shown here . . ."

*Observer*

SOCIETY TO-DAY

BY JOE ROGALY

# Not so much assembly, more local council

LITTLE by little, the logic of devolution is forcing itself upon English politicians. The process is relentless. Either we devolve, or we do not. If we devolve, and if we are lucky, then at the end of the road lies a federal Britain or something very like it; if we are unlucky then the upshot will be a broken Britain, with Scotland an independent country. If we do *not* devolve, then all that will be left will be another unwieldy and expensive layer of local government, of no use to anyone save a few thousand white-collar workers who might benefit from the sinecures that it would create.

Until very recently, the Labour Government hoped to get away with not devolving. The obvious plan was to make an effort to *bamboozle* the Scots into thinking that a glorified local council was the same thing as home rule. The fullest statement of Government intentions yet published—last November's White Paper entitled "Our Changing Democracy"—is the best evidence of this. Take the word "Assembly" and substitute the phrase "Scottish *District* Council" in most paragraphs of that document (Cmnd. 6348) and the point is immediately made clear. The White Paper even makes the sole sources of finance for the new Assembly *the same as the sources of finance* for any local council — borrowing, a Government grant, and a surcharge on the rates.

It is true that the proposed grant is a block grant, rather than a package of grants tied specifically to certain forms of expenditure, but so is the largest share of the financial support that goes to local authorities. Anyway, the Government's "*illustrative annual calendar*" of the process for settling the amount of the block grant shows that there would be plenty of room for Treasury pressure on the Scottish and Welsh administrations to alter their allocations in ways that Whitehall thought best. Take this pressure away and you have a more than usually independent local authority, but a local authority for all that.

*The only way to move from* there towards something more like genuine home-rule is to give the Scottish Assembly the power to raise its own finance. November's weak suggestion of a surcharge on the rates was the best the Government could come up with. Now even that has been discarded: yesterday's White Paper (Cmnd. 6585) says lamely that "in the light of the comments received, the Government have decided not to pursue this proposal." If there are future changes in "the taxation framework, particularly for financing local government" then "the *Government will be ready* to consider incorporating the necessary revenue-raising powers in subsequent legislation." Presumably this means that if something is done to *implement the central proposals of* the Layfield Report on local government finance then the Scottish Assembly, as the last flea to get a bite, will be permitted to surcharge the new taxes of the Scottish local councils.

Meanwhile, the Scottish Assembly would have to make do with the Government's annual hand-out, a sum whose total would certainly be decided in *Whitehall and whose detailed* application would very probably become subject to Whitehall scrutiny as the years went by.

Over and over again, the Layfield Report exposes the true meaning of such proposals. In paragraph 43, for example, it says "we are convinced that, unless increased powers of local decision are matched by a greater control by local authorities over their sources of revenue, the combination of financial and political forces will continue to push in the direction of greater, not less, central control." In case that is not plain enough it adds, "we conclude that there is no prospect of achieving substantially greater local accountability within the framework of a financial system combining high and *increasing grants* with rating as the sole local tax."

Layfield is talking about local authorities, of course, but its analysis applies with treble force to anything that would deserve the title of a Scottish Assembly. This is the logic of not devolving, and those who argue against the Government's proposals on the ground that Scotland already has too much local government are quite right to do so.

Paradoxically, the opposite logic is also pursued in yesterday's White Paper. It concedes a number of the *political* consequences of creating a legislature whose ostensible purpose is to supplement the work of Westminster but whose inevitable desire must be to become a rival to the central Parliament. Without the necessary financial give, this remains a sham, but if the Scottish Nationalists increase their strength, the Government may have to yield on the financial part in the end. If this happens then the string of legal, political and administrative concessions made in a continuing attempt to sell a Scottish District Council as a Scottish Assembly will prove to be of real value, for, lo and behold, *we shall have created a federal* state.

Yesterday's apparently technical changes are all in this mould. The Assembly will have more seats, to increase the representation of rural or island constituencies, not to mention seats with large electorates. Do I sniff the odour of gerrymandering here?

The new "Scottish Executive" will now be under a "Chief Executive" (*not even a pretence* at "Prime Minister") who will be appointed by the Assembly, without—as previously envisaged—waiting *for* an invitation from the Secretary of State for Scotland. The "Executive Members" and their assistants will be appointed from within the Assembly, excepting those corresponding to law officers, who may be recruited from outside. Their numbers, pay and allowances will be determined by the Assembly, not the Secretary of State. All these changes bring the executive to the level of, say, a set of council committees *with a governing General* Purposes Committee and its chairman as the head of the council; on the other hand proper financial devolution could bring the "Scottish Executive" into *sudden life* as a *north-of-the-border* Cabinet.

A further laying-down of powers that could become unexpectedly meaningful is found in yesterday's proposals on Scottish Assembly legislation. The Secretary of State will no longer be able to veto bills that he believes to be *ultra vires*; this is now to be the job of the Judicial Committee of the Privy Council. The London Government will no longer have unqualified general reserve powers: instead such power will be available "only if an Assembly Bill is considered by the Government to have unacceptable repercussions on matters for which they remain responsible."

Private citizens will be able to challenge the legal validity of Assembly measures in the courts, which is an advance, and the London executive's general reserve power, yesterday's White Paper says, will now be limited to a power over Scottish acts that conflict with national policies for which Westminster is responsible. The Government will not be able to take back devolved functions by executive order (subject to affirmative resolution in Parliament), as previously envisaged —but of course it could still pass a whole new law altering the status of the Assembly itself.

These several changes go a good deal of the way along the road towards a proper federal constitution. With such a constitution there would be no question of the central parliament retaining the right to tear up the arrangement and start again. Removal of this ultimate power is not proposed—not just yet. But a written division of areas of responsibility, with a Supreme Court (the Judicial Committee of the Privy Council?) to act as arbiter is clearly *well on the way. So far it limits* the Scottish Assembly rather than Westminster; the logic of devolution is that this imbalance cannot last.

The rest of yesterday's White *Paper* is peanuts. It tries to keep responsibility for the universities in United Kingdom hands, which will do while the new Scottish administration is a trumped-up local council, but will not do if it is changed into a proper Government: it concedes responsibility for the Scottish Development Agency to the Scots: it lets them legislate on their own system of *private law; and it gives limited* powers over the lower courts. Scottish lawyers and teachers will be legislated for in Scotland, other professions in London. They will have a share in *running their part of the Housing* Corporation and they will have a "stronger Scottish voice" in the British Tourist Authority. That ought to show the Nats!

*Perhaps the joke is out of* place; perhaps this will be the long-sought magic formula that will ensure the turning of the Nationalists tide in Scotland and end the two major parties' troubles up there, *if only* enough MPs of either or both parties can be found to vote the consequent devolution Bill through Parliament. Leave aside the "if only" for now, we shall soon witness so many mock-battles about this deceptive Bill that long before Christmas most of us will be heartily tired of the matter. The important question is, what will the Scots make of it?

This is such an important question that I make no apology for producing, for the third time, a table showing the state of the parties up there (with the kind co-operation of System Three Scotland). Brought up to date, it suggests a slight falling-away in support for the Nationalists, but their performance in recent local elections does not bear this out. So far, they have usually proved to do better than the polls suggest, since at times of peak Scottish interest they attract their maximum support.

My personal hope has for some time been that the Scots would so force the logic of true devolution upon us that all the rest would follow naturally: a written constitution, a federal Britain with devolution in England; a Bill of Rights, and so on. But the fact that one harbours this hope is not a sound basis for predicting a further advance by the SNP. Of this no one can be truly certain. *What can be said is that* London ignorance of what has been happening in Scotland has helped to promote the SNP for many years now. A continuation of that ignorance, and its *consequent fumbling would* presumably help them further. Until the logic of devolution is understood by London's politicians, and stated honestly in Government pronouncements, *the Scotnats can reasonably* hope for further victories.

## THE CHANGING STRENGTH OF NATIONALIST SUPPORT IN SCOTLAND

| | 1964 Election | 1966 Election | 1970 Election | Feb. 1974 Election | Oct. 1974 Election | Jan. 1975* | Apr. 1975* | July 1975* | Oct. 1975* | Jan. 1976* | Feb. 1976* | Mar. 1976* | Apr. 1976* | May 1976* | June 1976* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nationalist | 2.4 | 5.0 | 11.4 | 21.9 | 30.4 | 31 | 27 | 24 | 26 | 36 | 32 | 29 | 30 | 15 | 27 |
| Conservative | 40.6 | 37.7 | 38.0 | 32.9 | 24.7 | 23 | 31 | 33 | 30 | 27 | 28 | 28 | 28 | 32 | 32 |
| Labour | 48.7 | 49.9 | 44.5 | 36.6 | 36.3 | 40 | 37 | 39 | 39 | 33 | 24[1] | 34[2] | 31[2] | 35[2] | 34[2] |
| Liberal | 7.6 | 6.8 | 5.5 | 8.0 | 8.3 | 6 | 5 | 5 | 4 | 3 | 6 | 4 | 5 | 3 | 3 |

* Results of opinion polls by System Three Scotland
[1] And 8% for the Scottish Labour Party. [2] Plus 4-5% for Scottish Labour Party.

# Letters to the Editor

### Aerospace outlook

*From The General Secretary, Association of Professional, Executive, Clerical and Computer Staff.*

Sir,—Your editorial of August 3 reaches the rash conclusion that "the need for a sizeable cut in aerospace capacity is not yet fully understood." On the opposite page your Aerospace Correspondent, Michael Donne, quotes studies indicating purchases by *all airlines of aircraft* approaching £26bn. over the next decade of which something like £18bn. will be for new equipment needed to keep pace with the growth in demand for airline seats.

If Britain is to contract out of technologically advanced industries where expansion will be rapid over the next ten years it faces disaster.

Prognostications based on the recent airline recession due to higher oil prices are totally irrelevant to the decisions that have to be made now if Britain is to supply new models of aircraft to replace the existing outdated models from the year 1980 onwards.

It is for this purpose that the Government is bringing together major airframe companies in one combined British Aerospace Organisation and that organisation must aim to secure a proper share of the world demand by sensible use of our facilities and the consequential increase in capacity will be vitally necessary to sustain this country economically in the years ahead.

Roy A. Grantham.
*22, Worple Road, S.W.19.*

### The CBI and the Government

*From Mr. J. Rose.*

Sir,—The reaction of the CBI to the recent Government decision regarding increased National Insurance contributions appears to be unpatriotic and petulant.

If in their wisdom they had intended to canvass their members encouraging them in the national interest to bring forward their investment programmes, how can they now decide that this advice is no longer necessary?

In any case the whole operation seems to be an exercise in rather childish propaganda as I cannot seriously believe that industrialists need advice from the CBI as to how and when to spend their own money—I thought that individual decisions of this kind were the essence of the capitalist system.

J. Rose.
*31, Salisbury House, London Wall, E.C.2.*

### Outside the NPA

*From the Chairman, Mirror Group Newspapers.*

Sir,—Observer in his Men and Matters column (August 3) says that the Daily Mirror, having left the Newspaper Publishers Association, now takes part "in a thoroughly odd manner" in the NPA's commercial activities "which presumably means those that are not controversial."

This is mischievous: it is also totally untrue. Mirror Group Newspapers have always maintained their links with the commercial activity of marketing through the advertising and the circulation committees of the NPA. The remaining controversial area is, presumably, industrial relations. This area is now looked after by a joint standing committee of publishers and unions, on which the Mirror Group is not only represented but plays a forceful part both in negotiation and in taking a lead in solving the problems of introducing new technology.

Mirror Group Newspapers left the NPA out of distrust of the association's capability to move forward rapidly and sensibly in tackling the industry's problems. That remains our view; and the experience of the past two years supports it. Indeed *our* contribution to tackling some of the industry's problems has been more effective and speedy operating outside the NPA than it would have been inside.

Wherever Mirror Group Newspapers can make a contribution to ensuring a healthy future for the newspapers we shall continue to do so—outside the NPA.

Edward Pickering.
*Holborn Circus, E.C.1.*

### Civil Service cuts

*From Mr. R. Miller.*

Sir,—Saturday's excellent article on Civil Service manpower cuts missed one major point, namely, that if the proposed cuts are to be effective and permanent it is not enough *to get rid of people just* at the junior clerk and tea lady level, as is implied by the average salary to be saved of £3,100 per annum.

The Civil Service is a pyramid structure employing an army of highly paid people and the cuts must include a proportion of the top and the middle tenured positions otherwise these civil servants will spend even more time on rebuilding and trying to justify their little empires. What is needed is an across the board cut of 10 per cent. that bites into all levels and every department.

For those who argue that the service will suffer I can only echo the common held belief that there is a strong correlation between fewer people doing the public administering and a better degree of service and this belief is supported by past experience that shows as the size of the Civil Service has been increasing the quality of the public administration has declined.

R. D. Miller.
*1, Mitchell Road, Wharley End, Cranfield, Beds.*

### Asbestos levels

*From Mr. A. Woolf*

Sir,—You carried (July 21) the second stage of the Asbestos Information Committee's immensely expensive advertising campaign in defence of the asbestos industry's sales, products and image. Underlying it and the earlier full-page advertisement is the same profound misconception that underlines the whole tragedy of unnecessary asbestos-induced death and disease in the past.

The overall impression is that the advertisers assume that some quantity of asbestos dust or fibre can be inhaled with absolute safety, and are at pains to persuade us all that this is so. Thus they claim: "Asbestos products are *perfectly harmless* unless . . . they are being *intensively* cut, drilled or sanded." "*Excessive amounts* of asbestos dust can damage the lungs." Results of tests (by implication *all* tests) "indicate *no health hazard* to the general public, because of the *very low* levels found." A man exposed to "*slight amounts* of asbestos dust at work would not bring home *dangerous amounts* on his clothing." "*Continuous* cutting or drilling *may* release dust in *dangerous amounts*" (my italics throughout).

None of the words just quoted has any clear or precise meaning. They appear to mean that no precautions whatever are called for when cutting, sanding or drilling is other than "intensive" or "continuous" or when dust concentrations are present but not in "excessive" or "dangerous" amounts. If that is what they are meant to mean they are wrong. There is no known safe level whatsoever. Thus if people accept the advice in these advertisements, they *will have been deceived into* accepting a definite risk of contracting an incurable cancer as a result.

No doubt there are situations where asbestos protects against greater risks than it creates, and where its use can be justified. The statements I have quoted are not justified by any such case. What is deeply disturbing is that Mr. Hardie, of the Asbestos Information Committee, is a member of the "independent" Committee of Inquiry appointed by Mr. Michael Foot to report on the hazards of asbestos. His membership must now have discredited that inquiry beyond redemption.

Anthony D. Woolf.
*24, Deepdene Road, Denmark Hill, S.E.5.*

### Tax credit vouchers

*From Mr. I. Martin.*

Sir,—In my employment I have to deal on behalf of trustees with investments for about 200 individuals and all these investments have to be registered in the names of nominees. Much of my office time over the years has always been wasted because dividend mandates have not been honoured by registrars, and as the system is that a mandate has to be forwarded to the recipient bank (for the account of the beneficial owner) and then forwarded on to the registrar, there is never any proof when I am told that the mandate has not been received. Added to this is the inability of registrars to consolidate increased holdings and so they make payment of the dividend part as per mandate *and part to the registered* nominee.

Within the last few days I have learnt of BASC, which I am informed stands for Bankers Automated Service Company. I am told that this is a new system whereby the registrar remits the dividends by tape. On receipt of a tax credit counterfoil in the name of the nominee company of one of the major banks (forwarded by that bank) there was typed "Payment has been sent to (another major bank) marked for the credit of the account of Mr. XYZ." On enquiring from the registrar why the tax credit voucher had not accompanied the remittance I was told of BASC. I was furthermore informed that it was inconvenient under the new system for tax credit vouchers to accompany these taped remittances and consequently the tax credit vouchers were being sent to the registered holder.

Over and above the unnecessary increase in the daily routine of nominee holders in forwarding these tax credit vouchers I am wondering what will happen on the personal side. I think that all of us are accustomed, on receiving our bank statements, to finding enclosed with them the tax credit counterfoils supporting the bank entries for dividends received. Does this mean that in future we shall have to store on one side tax credit vouchers received direct and then have to marry them to bland entries of "credit" on the bank statement?

If this should be so it would appear that private arrangements made between the banking organization and registrars for their own convenience (the advantages of which to themselves can be understood) have been made without any consideration whatsoever of individual shareholders *and/or clients of the* banks.

Ian MacLaren Martin.
*Ashbury, 11 Weald Road, Sevenoaks, Kent.*

### Raise the tax on cigarettes

*From The Executive Director, Action on Smoking and Health.*

Sir,—We have noted with concern the price war on which the cigarette manufacturers are currently embarking. There is, as the Chancellor said in his recent Budget speech, "a strong case on health grounds as well as revenue grounds for increases in taxation of tobacco." It is a sad commentary on the imbalance of resources that one day's advertising by Rothmans costs more *than ASH's entire budget* for a year: if Rothmans keeps up this rate of expenditure for another four days it will have spent more in a week on advertising the price reductions than the Government spends in a year on *anti-smoking advertising.*

None the less, there is a positive side to all this. Mr. Healey made it clear in April that he would have wished to increase tax on cigarettes further, but "had to pay some regard to the level of prices" . . . Since the cigarette manufacturers have clearly been able not only to absorb the tax increases but to reduce their prices, it is evident that the Chancellor will in his next Budget—if not before—have considerable scope for a significantly increased rate of taxation on cigarettes. In some cases, this would do no more than bring prices back to their pre-Budget levels.

An additional 5p per pack of 20 cigarettes would raise approximately £330m. in a year. It might also put an end to the deplorable advertising we see at present which, by stressing the relatively low cost of cigarettes, *may well encourage young people* to smoke, and discourage potential non-smokers from giving up.

Mike Daube.
*Margaret Pyke House, 27-35, Mortimer Street, W.1.*

### Cultural loss

*From the Honorary Secretary, Heritage in Danger.*

Sir,—The report of the financial successes of the major London art auction houses (July 30) does not refer to the number of outstanding masterpieces which have come from British private collections this season and which have been sold as a result of capital transfer tax and the threatened wealth tax. The Government's prevarication on this latter fiscal measure and the resulting uncertainty will ensure the continuing flow into the salerooms of such treasures, many of which when sold will be exported never to return.

The financial gain to this country will be negligible: the cultural loss incalculable.

Hugh Leggatt.
*30, St. James's Street, S.W.1.*

# To-day's Events

GENERAL

National Economic Development Council meets to consider next stage of Government's industrial strategy.

Executive of British Medical Association Council considers any further developments in its grievances over pay and working of National Health Service, and hopes to have before it a reply by the Prime Minister to points made to him at recent meeting with BMA.

Royal Salute for Queen Mother's birthday, Hyde Park and Tower of London.

North Wales Show opens, Tyddyn Hen, Caernarfon.

PARLIAMENTARY BUSINESS

House of Commons: Second readings of Drought Bill and Consolidated Fund (Appropriation) Bill.

Commons Select Committee. European Secondary Legislation. Subject: Cost Escalation Guarantee Schemes—Proposed Abolition. Witnesses: Confederation of British Industry (led by Mr. E. L. Beverley, of BAC Guided Weapons, chairman of CBI Cost Escalation (Mechanics) Group); and Export Credits Guarantee Department.

COMPANY RESULTS

John I. Jacobs (half-year). Lamson Industries (half-year).

COMPANY MEETINGS

Avenue Close, Winchester House, E.C., 12. Booth (John) (Bolton), Worsley, Lancashire, 12. Highams, Accrington, 12.30. Lankro Chemicals, Manchester, 12. London and Northern Group, Essex Hall, W.C., 3. Powell Duffryn, The Dorchester, W., 12. Sangers, Connaught Rooms, W.C., 12. Western Motor, Plymouth, 11.45.

OPERA

English National Opera production of The Magic Flute, Coliseum Theatre, W.C.2, 7.30 p.m.

Glyndebourne Festival Opera perform Figaro, Glyndebourne, Lewes, 5.30 p.m.

BALLET

*Mazowsze (Police Dance Company)*, Royal Festival Hall, S.E.1, 7.30 p.m.

MUSIC

Henry Wood Promenade Concerts. New Philharmonia Orchestra conductor Lawrence *Foster, plays works by Lutyens*, Sibelius, and Tchaikovsky, Royal Albert Hall, S.W.7, 7.30 p.m.

SPORT

Cricket: Minor Counties v. West Indies, Torquay. England v. Australia (women), Lord's. Golf: *Great Britain and Ireland v.* Europe Youth Gullane. Lothian European Women's tournament, Sunningdale. Equestrian. Dublin Horse Show.

# COMPANY NEWS + COMMENT

## Letraset doubles to record £4.3m.

COMPARED with a forecast of in excess of £3.5m., made with the rights issue in March, Letraset International announces pre-tax profits more than doubled from £2.03m. to a record £4.34m. in the year to April 30, 1976. At half-way the advance was from £0.91m. to £1.6m.

Yearly earnings per 10p share are up from 4.61p to 10.37p and the dividend total is raised from 1.2815p to 2.54098p with a final of 2.14798p net. Treasury consent has been given for the increased dividend in context of the rights issue.

| | 1976 £000 | 1975 £000 |
|---|---|---|
| Sales | 23,741 | 17,228 |
| Profit before tax | 4,335 | 2,033 |
| U.K. tax | 1,197 | 459 |
| Overseas tax | 1,113 | 708 |
| Net profit | 2,025 | 866 |
| Minority profits | 117 | 1 |
| Extraordinary credits | *241 | †75 |
| Available | 2,149 | 761 |
| Interim dividend | 68 | 64 |
| Final | 454 | 159 |
| Retained | 1,627 | 538 |

* Consists mainly of surplus on foreign exchange. † Debits.

The directors say that the profit increase was partly due to the fall in sterling towards the end of the year. Operating cash flow has been strong and the company's finances are in a very sound position. Sales volume has shown clear signs of strengthening in recent months, they add.

### ● comment

Thanks to a much better final quarter, Letraset has emerged from 1975-76 with some marginal volume growth, while exchange profits were probably worth around £0.4m. at the pre-tax level. But the key to last year's profits resurgence—£4.3m. compares with 1973-74's previous pre-tax best of £2.7m.—is still prices, with cover increases running ahead of inflation in most trading areas. Europe has led the upturn, so the main recovery in the important North American markets has still to show through, and that could happen this year. At any rate, Letraset expects volume to rise by up to 8 per cent. overall in 1976-77, and early outside bets point to profits of £6m. overall for earnings of around 13p a share—against a share price of 74p up 4p yesterday. Yield is 5½ per cent.

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## HIGHLIGHTS

The Hogg Robinson Group has announced profits up a quarter and is to raise £3m. via a one-for-eight rights issue at 118p to help finance the acquisition of its new headquarters building. Lex also comments on the annual report of Thorn Electrical which shows a strong balance sheet and further growth to come. Elsewhere, Letraset has emerged from 1975-1976 with some marginal volume growth and more than doubled profits. The Vantona Group has more than doubled its interim profits and looks capable of returning around £6m. for the full year.

## Benjamin Priest downturn

FOLLOWING the fall from £443,000 to £344,000 in the first six months, Benjamin Priest and Sons (Holdings) reports pre-tax profits of £754,460 for the year ended March 26, 1976, compared with £1,001,647 previously.

Earnings per 25p share are 11.84p (12.25p), before extraordinary items. The net final dividend is 2.995982p making a total of 3.981310p compared with 3.611198p previously. The increase is the maximum permitted.

Principal activities of the group are the making of fasteners and pressings, design and manufacture of mechanical handling and storage equipment.

| | 1975-76 £ | 1974-75 £ |
|---|---|---|
| Turnover | 3,468,443 | 3,947,928 |
| Profit before tax | 754,460 | 1,001,647 |
| Tax | 340,017 | 568,131 |
| Net profit | 414,443 | 433,514 |
| Minorities | 278 | 3,392 |
| Extraord. debits | 39,750 | — |

### ● comment

Although Benjamin Priest's downturn increased in the second half, the acceleration was nowhere near as bad as had been feared at the interim stage. Demand is still at low level generally, but there are signs that it is now moving off the bottom particularly in the pressings and fastenings divisions. Any recovery this year is likely to be at a very modest pace. But the group, which last year cut borrowings from 38 per cent. of shareholders' funds to just 7½ per cent., should be well placed to take advantage of any major pick-up in demand when it materialises. Meanwhile the shares at 55p may derive some support from a yield of 11.6 per cent., covered 2.9 times.

## AVP earns and pays more

AS ANTICIPATED, pre-tax profit of A.V.P. Industries increased from £4.21m. to £4.74m. in the year to March 31, 1976.

When reporting first half profit up from £1.81m. to £2.04m. the directors said that full year results should be not less than 12.5 per cent. above the previous 12 months.

Net earnings per 25p share for the year are shown to be up from 11.27p to 12.27p—dividend total is 2.601p net, compared with 2.405p, with a 1.316p final. Dividend is covered 4.72 times by available earnings.

| | 1975-76 £ | 1974-75 £ |
|---|---|---|
| Turnover | 23,046,822 | 21,117,518 |
| Pre-tax profit | 4,735,280 | 4,206,435 |
| Taxation | 2,378,840 | 2,079,222 |
| Net profit | 2,356,560 | 2,167,213 |
| Dividends | 496,322 | 438,364 |

### ● comment

AVP's growth rate remained fairly constant throughout 1975-1976 at around 12 per cent. pre-tax with the furniture companies continuing to lead the upturn. Profits from furniture pushed the manufacturing division's contribution up by almost 17 per cent. despite a sharp fall-off in business on the industrial refrigeration side which has remained depressed in the current year. Furniture is continuing to push ahead and with both the property and services divisions expected to at least maintain the steady growth of last year (the latter will be boosted by the first-time inclusion of two new hotels) there seems no reason why the slow but sure upward climb of the last nine years should not continue. At 53p the shares yield 7½ per cent., on a p/e of 4.2.

## Trading outlook at B. Elliott

SOME IMPROVEMENTS will occur in the latter part of the year at B. Elliott, says Mr. Mark Russell, chairman, in his annual statement.

The present order position continues to be patchy and generally there are no firm indications from the trade of any substantial increase in demand for machine tools and engineering components.

However, the successes of the last year have demonstrated the company's ability to weather severe storms—it is in a strong position financially and managerially.

The group is now provided with adequate resources to meet the immediate requirements for capital expenditure and the anticipated demand for increased working capital from the operating subsidiaries when the widely forecast improvement in trading occurs later in the year, Mr. Russell states.

Referring to the past year, the chairman says that although trading conditions have been difficult, the pattern has not been consistent throughout the group, or even within divisions. Demand has been maintained for the larger, more sophisticated and high production machinery, but for the standard conventional machine tools and engineering components it has been at the lowest level for many years, a pattern which has continued in the first few weeks of the current year.

As known, pre-tax profit for the year, to March 31, 1976 dropped from £4.3m. to £3.17m. Adjusted for inflation the figure would be £2.3m., including £1.6m. gains on net monetary liabilities.

The value to the business of fixed assets is estimated to be about £8.8m., compared with a balance sheet amount of £6.44m.

Chairman's statement Page 18

## Unitech down at £1.44m.

FOR THE YEAR ended May 29, profits before tax of Unitech fell by £127,000 to £1.44m. on sales of £19.53m. against £18.31m.

First-half profits were down £140,000 at £541,000, but the directors were confident that the profit shortfall for the rest of the year would be proportionally less than that reported in the first six months.

Yearly earnings per 10p share are 4.9p (5p). A net final dividend of 2.1125p makes a total equal to 3.25p adjusted for a scrip issue, compared with an equivalent 3.038p previously.

The group is principally engaged in the manufacture of electronic components and equipment.

| | Year 1975-76 £000 | Year 1974-75 £000 |
|---|---|---|
| Sales | 19,534.0 | 18,308.4 |
| Profit before tax | 1,436.7 | 1,563.6 |
| Tax | 738.6 | 857.9 |
| Net profit | 698.1 | 705.7 |
| Minorities | 11.6 | 19.2 |
| Notional interest* | 15.0 | 40.0 |
| Extraordinary debits | 23.7† | — |
| Preference dividends | 0.2 | 0.3 |
| Attributable Ordinary | 637.6 | 646.2 |
| Interim dividend | 146.3 | 151.2 |
| Proposed final | 274.8 | 240.7 |
| Undistributed profit | 216.2 | 254.3 |

* On acquisition of A.C.L. † Cost incurred by factory move of subsidiary Henry and Thomas.

### ● comment

Pre-tax profits are down 8 per cent. at Unitech but this masks recovery in the second half when profits were marginally higher. Demand for electronic components normally lags economic recovery but this company seems to be on its way already. In fact the profits would have matched last year's but for losses of over £100,000 in Germany, where stock write-offs were necessary and new management was brought in. The recovery so far seems to have been due to the end of destocking but over the next two years should see a genuine rise in demand followed by restocking. Unitech can then resume its strong record of profits growth. At 51p, the shares yield 10.2 per cent. covered 1½ times. The rating could improve if the company succeeds in achieving its target of 33 per cent. sales overseas by 1980.

## J. Webb beats forecast

Higher than expected profit, before tax, of £347,154, compared with £221,019, is announced by Joseph Webb and Co. for the year ended March 31, 1976 and the directors expect an "overall increase" in the current 12 months.

In the first half profit was up from £123,416 to £189,613 and £315,000 was predicted for the full year.

Stated earnings per 5p share are 1.9p (1.1p) for the year and a 0.6003p net final raises the total from 0.7922p to 0.8628p, the maximum allowed.

The level of bookings for the 1976 holiday season is again encouraging at all holiday centres, the directors state, and it is anticipated that property investment and estate development will make similar contributions to group profits next year.

| | 1975-76 £ | 1974-75 £ |
|---|---|---|
| Turnover | 2,367,909 | 1,668,241 |
| Trading profit* | 631,029 | 536,873 |
| Interest, expenses | 307,873 | 318,836 |
| Pre-tax profit | 347,154 | 222,019 |
| Tax | 157,300 | 121,000 |
| Dividends | 65,073 | 64,985 |

* After depreciation £133,154 (£128,419).

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Acorn Secs. ...int. | 6.63 | Oct 29 | 5.53 | 6.63 | 5.53 |
| Adams & Gibbons ...int. | 0.88 | Sept. 22 | 0.88 | — | 3.6 |
| A.V.P. Industries | 1.32 | Oct 2 | 1.07 | 2.6 | 2.41 |
| Best and May | 1.77 | — | 1.61 | 2.48 | 2.27 |
| Peter Black | 3.15 | Oct. 8 | 3.29 | 5.15 | 4.69 |
| Carrington Inv. | 1.04(a) | Sept. 20 | 0.14 | 1.04 | 0.14 |
| City Offices ...int. | 0.7 | Oct. 1 | 0.64 | — | 1.4 |
| Hogg Robinson | 1.43 | Sept. 18 | 1.35* | 3.38 | 3.27* |
| Letraset Intl. | 2.15 | — | 0.91 | 2.54 | 1.28 |
| Madame Tussaud's ...int. | 0.34 | Oct. 6 | 0.3 | — | 0.89 |
| Norton & Wright | 2.58 | — | 2.13 | 3.65 | 3.13 |
| Benjamin Priest | 2.99 | — | 2.67 | 3.98 | 3.61 |
| Prop. Security Trust | 1.23 | Oct. 1 | 1.09 | 1.69 | 1.55 |
| Unitech† | 2.11 | Oct. 1 | 1.87* | 3.25* | 3.04* |
| Vantona ...int. | 1.6 | Oct. 1 | 1.24 | — | 4.19 |
| J. Webb | 0.6 | Oct. 4 | 0.53 | 0.86 | 0.79 |
| Westinghouse Brake ...int. | 0.74 | Oct 4 | 0.68 | — | 1.73 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and or acquisition issues. (a) On 50p shares (10p shares).

## Westinghouse up £0.4m. so far

GROUP SALES for the six months to March 31, 1976, of Westinghouse Brake and Signal Company expanded from £23.72m. to £30.13m. and pre-tax profits advanced from £1.54m. to £1.93m.

The chairman, Mr. L. E. Thompson, says that second-half profits are likely to be affected by the reduced demand on the Australian group during their government's review of capital expenditure and by the continuing recession in the rectifier equipment market which is having a particular impact on Partridge Wilson and Co. However, it is not expected that profits will be significantly different from that of the first half.

The interim dividend is stepped up from 0.67367p to 0.74324p net per 25p share. Last year's total was 1.73142p paid from pre-tax profits of £3.45m.

| | Six months 1975-76 £000 | Six months 1974-75 £000 | Year 1974-75 £000 |
|---|---|---|---|
| Group sales | 30,130 | 23,720 | 53,210 |
| Trading profits | 2,192 | 1,669 | 3,699 |
| Share associates | 417 | 315 | 1,027 |
| Interest | 550 | 544 | 1,095 |
| Share associates | 92 | 105 | 177 |
| Profit before tax | [illegible] | 1,535 | 3,454 |
| U.K. tax | 532 | 412 | 721 |
| Overseas | 298 | 232 | 491 |
| Associates U.K. tax | 100 | 164 | 339 |
| Overseas | 52 | 40 | 84 |
| Net profit | 919 | 687 | 1,967 |
| Minorities | — | — | 4 |
| Attributable | 918 | 687 | 1,963 |
| Interim dividend | 317 | 288 | 288 |
| Final | — | — | 451 |
| Leaving | 602 | 399 | 1,124 |

### ● comment

Westinghouse's second-half forecast, which would leave the year's profits up only 11½ per cent. after a 25 per cent. rise in the first half, suggests that the usual end-year boost arising from the tying-up of contracts will not take place this year. However, a drop of around £1m. in stock levels is the result of old contracts coming through in the first half. Currently the order book is higher than at the beginning of the year and volume sales have risen by more than 10 per cent. in spite of the set-back in Australia and depressed orders from the electrical industries. At 28p the shares give a prospective maximum yield of 10.7 per cent. and a p/e of 6.3.

tinctly disappointing, the chairman says.

Despite the discouraging background, the group went ahead with all planned development at home and abroad, believing that general recovery must come and preparing to make the most of it. In doing so, the policy has been strictly adhered to, of writing off all development expenditure in the year which it is incurred.

## Norton and Wright tops £0.5m.

PRODUCERS AND distributors of fund-raising cards and schemes, Norton and Wright Group reports pre-tax profits up from £353,112 to £504,419 for the year to March 31, 1976, after a rise from £185,925 to £273,242 in the first half.

Fully diluted earnings for the year expanded from 5.83p to 8.3p per 10p share and the dividend is lifted from 3.128p to 3.645p net with a final of 2.578p.

| | 1975-76 £ | 1974-75 £ |
|---|---|---|
| Group turnover | 2,270,500 | 1,625,914 |
| Profit before tax | 504,419 | 353,112 |
| U.K. tax | 271,500 | 192,300 |
| Extraord. debits | 58,255 | 36,489 |
| Attributable | 174,124 | 124,123 |
| Dividends* | 71,550 | 42,273 |

* After waivers by directors as follows: Interim £12,699 (nil), final £20,429 (£25,331).

## Better profit for Initial Services

Chairman of Initial Services, Mr. A. F. Carling, looks forward to a better profit in the current year and he feels the group's trading activities should be able to advance at least in line with the recovery of the respective national economies.

Relaxation of the U.K. price code is welcome, he says, but the stage has been reached when the market is more likely than the Code to constrain the group's pricing policy.

For the year ended March 31, 1976, pre-tax profits rose from £5.65m. to £5.85m. However, results for the second half were dis-

## Optimism at Associated Leisure

GIVEN a continuation of the encouraging start that has been made, the chairman of Associated Leisure, Lord Jessel, expects current year results to be satisfactory.

"Our business strategy is unchanged," he says. "We intend to create a diversified leisure group while ensuring that our basic business, to which we are fully committed, receives the resources which it requires to maintain its pre-eminence."

As reported on June 23, pre-tax profits came to £1.77m. for the 52 weeks to March 14 compared with £1.39m. for the previous 44-week period. The dividend is 2.436p (1.97p) net.

The accounts show that £5,000 was paid to a former director as compensation for loss of office.

In the balance-sheet, a rise in fixed assets from £6.73m. to £8.06m. reflects the purchase of the Midland Trading Estate and the substantial increased investment in amusement machines. Despite these outlays, cash and short-term deposits still exceeded £2.5m. (£2.75m.) and net tangible assets per share after deducting goodwill further improved from 16p to a record 17.3p.

The returns from the Midland Trading Estate investment have been satisfactory, says Lord Jessel.

In the amusement machine division, the hiring companies were confident of their ability to meet the challenge of the future, he states.

The entertainments division continued on the improved profit trend and offers "attractive growth prospects."

As at July 12, J. Coral Holdings was interested in 15.52 per cent. of the equity.

Meeting, The Dorchester, W., on September 3, at 11.45 a.m.

## Good results foreseen by James Finlay

SIR COLIN CAMPBELL, chairman of James Finlay and Co., anticipates that 1976 will show good results. They may well prove to be a record, he says, and the turnround or disposal of previously loss-making interests is likely to result in lower tax and greater earnings available to Ordinary holders.

Profits for the first five months of the year were substantially above budget. However, the imponderability of plantation interests makes forecasting difficult, although broadly speaking he sees a "satisfactory year," from this area.

Pre-tax profits for 1975, reported June 25, fell from £4.35m. to £3.76m. Sir Colin explains that this was due to reduced profits from the plantation interests of associates and to the generally poor climate for tea trading during the year.

The long-standing deadlock with McLeod Russel over mutual interests in certain associates has been resolved. The transactions involved reduced the group's investment in associates from £17.6m. to £5m.

The group's involvement in plantations has been simplified and this will facilitate the directors policy of reducing further the group's dependence on profits from tea growing.

Generally speaking the directors plan to continue to develop as an internationally operating group with a number of varied interests in diverse geographical locations.

In the context of the reduction in investments in associates, particularly, the directors are reviewing the worldwide tax position to ensure that both present and future operations are structured as advantageously as possible from this point of view.

In view of the changes in the mix of interests and activities the annual report carries a pro-forma profit and loss account which shows taxable profits at £4.19m.

The group now has a direct interest in two North Sea exploration consortia. While unlisted, the prices at which shares have recently changed hands values these at £3.08m. compared with a book value of £0.8m. Although no disposal of these assets is presently contemplated, sales at these price levels would give rise to capital gains tax of £681,000.

Slater Walker Securities is interested in 23.89 per cent. of the company. Meeting, Glasgow, on August 25 at noon.

## Dollar Land litigation

Attempts to settle litigation involving the sale of properties in the U.S. have continued to prove abortive, according to Dollar Land Holdings, whose quotation has been suspended since 1969. The legal disputes concern the Cross County Center, originally developed by the late Mr. Sol Atlas, whose family and estate retain a large equity holding in the group.

The directors say, however, that as the position of Dollar Land Corporation has been strengthened by the sale of all but one of its properties, it could be expected to meet the operating expenses of Dollar Land in the U.K. The financial position of County Dollar Corporation and Dollar Land Corporation (U.S.) is a matter of "grave concern" but the Board adds that it is not in a position to keep effective control over these companies because the executors of Mr. Atlas were exercising their voting rights without consultation with the U.K.

The accounts, which the auditors again say do not and cannot show a true and fair view of the state of affairs of the company, reveal a loss before tax and extraordinary items in 1975 of £97,843 against £36,310 in the previous 12 months.



# ISSUE NEWS

## Poor reception for Borthwick issue

Shares in meat traders, Thomas Borthwick, traded at a discount of 15p to their issue price of 80p in first dealings yesterday morning although they picked up 4p during the day to reach 69p by the close.

The shares have been the worst received in the new issue market recently, the underwriters having been left with nearly 98½ per cent. of the total offer for sale of some £12m. In addition, they have fared rather more badly in the first day of dealings than the also recent Molins issue where the discount at the close was 11.7 per cent. of the offer price compared to 13.7 per cent. for Borthwick.

As in the case of Molins and other recent new quotations, however, the poor reception given to the shares is being attributed more to the generally poor trading conditions on the stock market than to the quality of the companies. At 69p the prospective dividend yield is 12.3 per cent. covered twice by forecast earnings.

### PORTSMOUTH WATER

The offer for sale by tender of £5m. 8 per cent. Redeemable Preference stock, 1981, in Portsmouth Water Company closed yesterday fully subscribed. Dealings will start to-day.

### LOCAL LOANS

Coupon rates on this week's local authority yearlings are a ¼ per cent. higher at 11¼ per cent. The bonds are payable at par and mature on August 10, 1977.

The new issues are: City of Manchester (£2.5m.), London Borough of Islington (£½m.), City of Winchester (£½m.), Llanelli Borough Council (£1m.), North Wiltshire District Council (£½m.), [illegible] Staffordshire District Council (£½m.), Lancaster City Council (£½m.), Coventry City Council (£½m.), Salford City Council (£½m.), London Borough [illegible] (£½m.), Barking (£1m.), London Borough of Ealing (£½m.), Gillingham Borough Council (£½m.), London Borough of Hackney (£½m.), Northavon District Council (£½m.), South Shropshire District Council (£½m.), Tonbridge and Malling District Council (£½m.), [illegible] Wiltshire District Council (£½m.), Slough Borough Council (£½m.), Borough of Ellesmere Port and Neston (£½m.), City of Newcastle upon Tyne (£½m.), Nuneaton Borough Council (£½m.), London Borough of Southwark (£2m.), Test Valley District Council (£½m.) and Tyne and Wear County Council (£1.5m.).

Dacorum District Council issued £½m. of 12¼ per cent. [illegible] year bonds maturing on August [illegible] 1978, and issued at par.

### AIRFIX ACCEPTANCES

Airfix Industries announces acceptances have been received for 93.7 per cent. of the 13.[illegible] shares recently issued by way of rights. The balance has been sold in the market.

### ALLIED COLLOIDS

Allied Colloids announces in respect of the recent rights issue of 1,544,018 Ordinary shares at 70p each, acceptances have been received for all 97.73 per cent. The balance 35,035 shares has been sold 129p per share.

## Adams & Gibbon decline

FOR THE six months to May 31, 1976, garage proprietors, motor dealers and motor engineers Adams and Gibbon reports a fall in taxable profit from £311,000 to £286,000.

Chairman Mr. G. A. Adams explains that the principal factors which have contributed to this trend have been the extremely competitive trading conditions under which the ICI petrol forecourts have had to operate during the period, and also the fact that the light commercial vehicle market has continued to prove difficult.

However, the directors are confident of the final outcome to the year's trading, as the company is beginning to benefit from Vauxhall's improved share of the passenger car market, which together with the spread of other activities, should produce a satisfactory second half of the year, he adds.

The interim dividend per 25p share is held at 0.875p net. Last year's total payment was 3.6p from profits of £643,000.

| | Six months 1975-76 £ | Six months 1974-75 £ |
|---|---|---|
| Turnover | 7,107,008 | 6,040,000 |
| Trading profit | 367,000 | 397,000 |
| Interest payable | 81,000 | 86,000 |
| Profit before tax | 286,000 | 311,000 |
| Tax | 157,000 | 174,000 |
| Net profit | 129,000 | 137,000 |
| Preference dividend | 2,630 | 2,630 |
| Ordinary interim | 15,750 | 15,730 |
| Undistributed | 110,620 | 118,620 |

## Eastern Produce qualified

Chartered accountants, Deloitte and Co., have qualified their report on the 1975 accounts of Eastern Produce (Holdings) on account of the company's investment in Associated Fisheries. The value of £3.1m. put on the investment in the Eastern Produce accounts compares with a market value of £1.6m.

"Because of the present uncertainties in the industry in which Associated Fisheries operates, we are unable to determine the extent to which the market value of the investment reflects a permanent diminution in its v[alue] and, therefore, the adequacy or otherwise of the aforementioned provision," the auditors state.

Mr. H. K. Fitzgerald, the Eastern Produce chairman, says in [his] annual statement that the Board will continue its policy of re[duc]ing indebtedness and results of this so far can be seen in [the] accounts.

In comparison with 1975, [cur]rent year's profits are bound to be reduced without the earn[ings] of Robert Hudson South Af[rica] (Pty.) but further working eco[no]mies are being made when feasible and the recent move of the head office from London to Wrotham is proving well wo[rth]while for this and other reas[ons].

MINING NEWS

# Nchanga debts of £171m.

BY KENNETH MARSTON, MINING EDITOR

A CAUTIOUS hopefulness pervades the annual statement of Mr. A. J. Soko, chairman of the Zambian copper-producing Nchanga Consolidated Copper Mines. After a year when Nchanga was hit by low metal prices, severe transport problems arising out of the Angola war and continuing shortages of skilled labour, Mr. Soko sees better prospects.

He points to the rise in the price of copper and the fact that the transport problem has been largely overcome. But he also discloses that Nchanga's loan indebtedness has grown to K248m. (£171m.) and mentions that while Zambia's recent 20 per cent. devaluation will increase the kwacha proceeds of metal sales it will also make the repayment of external loans more costly.

So he warns that "it may be some time before prosperity returns to the company." Mr. Soko also says of the copper price that with high tonnages of metal in non-consumer hands and surplus stocks throughout the world, "we should beware of becoming too optimistic in the short term." His words were underlined in London yesterday by a fall of £23.50 to £881 per tonne in copper wirebars.

The Zambian mines have now moved out of the loss-making phase, but they still have problems in the shortage of technically qualified personnel, the loan burden and the difficulties of obtaining adequate foreign exchange. Prospects for an early resumption of dividends thus do not appear to be very bright. The Zambian Government owns 51 per cent. of Nchanga. The rest is held by Zambia Copper Investments, the shares of which were 26p yesterday.

Satisfactory results were obtained from sulphur, potash and phosphoric acid while the kaolin division improved its operating margins after having made a loss previously. But the company warns that this group of activities cannot be expected to maintain the earnings level of the first half for the remainder of the year.

Increased earnings were also made by Freeport's Indonesian copper mine thanks to higher metal prices, increased production and shipments and reduced costs despite the double depreciation rate per ton of concentrates produced. The Indonesian Government recently acquired a further 8.5 per cent. of Freeport Indonesia leaving the parent with just over 80 per cent.

## Agnew equity is approved

DESPITE the high overseas' ownership element in the Agnew nickel project in Western Australia, the country's Federal Government has given aproval for development to go ahead with the existing equity ownership basis.

It is also stated, however, that the Government had noted the joint venturers' intention to increase the level of Australian equity in the future and would require them to report back to the Foreign Investment Review Board within five years on their efforts to increase the Australian participation.

This clarification of the Government's requirements is an important step forward for the joint venturers which are London's Selection Trust with an effective interest of 55 per cent. in Agnew and MIM Holdings with 40 per cent. The last-named is an Australian company but 49 per cent. of it is held by America's Asarco.

The final go-ahead decision is still awaited, but it seems that this will not be long delayed. Plans already announced are for an initial annual output rate of 10,000 tonnes of nickel in concentrate starting by 1978. The total cost to production has been put at over $100m. (£69.5m.). Selection Trust were 445p yesterday.

## A WARNING FROM FREEPORT

America's Freeport Minerals reports increased net earnings for the June quarter of $16.39m. (£9.16m.) or $1.06 (59p) a share compared with $11.02m. or 71 cents a share for the same period of 1975. This brings earnings for the first half of the current year to $30.16m. (£16.86m.) or $1.95 (£1.09p) a share as against $27.52m. or $1.78 a share for the first six months of 1975.

## RESULTS AND ACCOUNTS IN BRIEF

WEBER HOLDINGS—Interim dividend 1.75p net (same) for 1976. Final of not less than 6p is forecast (5.99p included exceptional amount of 2.49p). Pre-tax revenue for six months to June 30, £52,787 (£61,915). Tax £22,100 (£23,160). Earnings per share 6.59p (6.41p).

PROVINCIAL LAUNDRIES—Turnover 1976 £212,689 (£188,651). Loss £4,412 (profit £40,957) after all charges including tax of £14,463 (£16,348) and extraordinary items £20,069 (£3,309). Earnings per share [illegible] ([illegible]). Final 0.16454p net (0.18654p) making 0.29954p net (0.29954p).

HALL BROTHERS STEAMSHIP COMPANY—Turnover for six months ended February 29, 1976, £263,069 (£232,735). Profit after all charges including depreciation but before A.C.T. £32,162 (£70,660). Interest payable £16,326 (£22,940). Costs for current year are considerably greater than for last year and continue to rise, but, provided no unforeseen circumstances arise in second half should be profitable, although at a lower level than the first. Outstanding Dutch loan secured on the M.V. Embassage has been repaid resulting in [illegible]

VINTEN GROUP (cameras, photographic equipment, etc.)—Results for year ended March 31, 1976 reported July 17. Group fixed assets £813,998 (£697,156). Current assets £2.15m. (£2.01m.) less current liabilities £880,136 (£879,253). Chairman says prospects for current year are for increased level of output. Company has adequate capacity to meet this additional demand. Meeting, Bury St. Edmunds, August 26, at noon.

GLOBE AND PHOENIX GOLD MINING COMPANY—Results for 1975 already reported. Fixed assets £744,682 (£679,597). Net current assets £481,343 (£392,978). Meeting, Winchester House, E.C., August 26 at noon.

LAND VALUE (property investment)—No interim dividend (same) for year to June 30, 1976. Turnover for six months ended December 31, 1975, £23,080 (£23,430). Loss £3,921 (profit £4,787) after all charges.

PATINO NV—First interim dividend for 1976, 25 Canadian cents per share on 5-guilder shares. Payable August 20, 1976, to shareholders of record at the [illegible]

[illegible]

## RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

[illegible]

# £1bn. turnover seen by Thorn Electrical

IN HIS LAST annual report as chairman of Thorn Electrical Industries, Sir Jules Thorn says the group is looking for increased profits in the current year, particularly overseas. The landmark of an annual £1bn. sales turnover will almost certainly be achieved this year, he states.

Sir Jules says the continuing signs of a fall in the rate of inflation are encouraging and the reduction in the level of VAT and easing of credit and rental deposit restrictions, while not showing any immediate uplift in turnover, should be of benefit in the months ahead.

The reduction in the value of sterling gives a short-term advantage in the competitiveness of exports, but this is likely to be shortlived once the higher costs of imported materials have worked their way through.

Such is the financial strength of the group, he believes that directors can for some time to come finance the ambitious investment programme from existing resources without the need to seek long-term funding or money from shareholders.

For the year ended March 31, 1976, pre-tax profits rose from £65.4m. to £74.42m., on total sales of £956.25m. (£806.97m.) including inter-divisional transactions of £111.07m. (£88.17m.).

The closure of Thorn Colour Tube's factory at Skelmersdale involving the loss of 1,400 jobs resulted in the inclusion of an extraordinary item in the accounts of £7.5m. after allowing for the RCA share.

*The combined effect of the poor world markets for colour television and the impact of artificially low-priced imports, mainly from Japan, made this decision unavoidable, says the chairman.*

"The Government and the U.K. industry must recognise the real danger of continued unfair competition from imports spreading across the whole range of consumer electronic products. I believe it is essential that more effective measures should be introduced to deal with this problem."

Capital expenditure sanctioned at March 31, totalled £7.64m. (£10.99m.) of which £5.17m. (£8.02m.) was contracted for.

Sir Richard Cave is to be the new chairman. Sir Jules will be invited to become the group's first president. Meeting, The Dorchester, W., August 27 at noon.

See Lex

## BOARD MEETINGS

*The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.*

TO-DAY

Interims—Barrow Hepburn, John I. Jacobs, Lamson Industries, Leda Investment Trust, Moorside Trust, York Trailer.

Finals—Ailsa Investment Trust, James Austin Steel, Econa, G. M. Firth (Metals), Hallite Holdings, Hillards, London and St. Lawrence Investment, Waring and Gillow, Williamson Tea, Wintrust.

FUTURE DATES

Interims—

| | |
|---|---|
| British American General Trust | Aug. 12 |
| Carron | Aug. 5 |
| Pentland Industries | Sept. 6 |
| River and Mercantile Trust | Aug. 5 |
| River Plate and General Inv. Tst. | Aug. 5 |
| Scottish United Investors | Aug. 6 |
| Woodhouse and Rixson | Aug. 19 |

Finals—

| | |
|---|---|
| Aeronautical and Gen. Instruments | Aug. 10 |
| Centreway Securities | Aug. 5 |
| Beath (Samuel) | Aug. 17 |
| Howard Shuttering | Aug. 11 |
| Hume Holdings | Aug. 11 |
| London Electrical and Gen. Tst. | Aug. 11 |
| Scottish and Universal Invests. | Aug. 12 |

## Vantona's midway growth

STATED EARNINGS per 30p share at Vantona Group are up from 4.8p to 7.8p for the six months to May 30, 1976, and the interim dividend is raised from 1.2353p to 1.6p net.

Turnover was up from £13.1m. to £36.6m. and pre-tax profit came to £2.7m., against £1.1m. The figures include the results of the Vantona companies for the first time.

If adjustment is made to the 1975 figures to include the results of all the former Vantona companies for the whole period, this year's results still show a marked improvement of 36 per cent. in pre-tax profit and of 53 per cent. in earnings per share.

All divisions have continued to perform well, maintaining good levels of activity, the directors say. Results for the half year and the continuing satisfactory performance in June and July give grounds for confirming the March forecast of a "significant increase" in profits and earnings per share for the year. For 1974-75, profits were £4.22m. and earnings 14.1p.

On July 30 the sale of the linen rental business, Modeluxe, was completed for almost £2m. and as a result funds overall of about £2.4m. have now been released for development of the group's existing businesses in Lancashire and elsewhere. By the end of the financial year liquidity should improve to the extent of eliminating the group's bank overdraft position entirely.

As a result of the merger, the total Ordinary dividend was increased substantially last year, the whole of the increase, however, being included in the final dividend. The current year's final will be the maximum permitted.

| | First half 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Turnover | 36,600 | 13,106 |
| Interest | 495 | 165 |
| Profit before tax | 2,702 | 2,099 |
| Taxation | 1,405 | 977 |
| Net profit | 1,297 | 522 |
| Minorities | 87 | 11 |
| Extraord. debit | 168 | *32 |
| Pref. dividends | 5 | 5 |
| Available Ordinary | 1,094 | 573 |
| Interim dividend | 246 | 131 |
| Retained | 848 | 404 |

† After tax charge [illegible]. * Credit

● comment

Despite the absence of Modeluxe which made £1m. last year—Vantona still looks capable of returning around £6m. pre-tax for 1975-76. That points to earnings of about 17½p a share for a prospective p/e of under 5, with the shares down 3p to 86p yesterday. Their run of relative strength now stretches back to the start of 1976, and Vantona reckons that its end of the textile cycle—household textiles—is still holding up well. Yield is 7.4 per cent., rising a point for 1975-76 where it could be covered more than 3½ times.

## P. Black turns in record £1m.

TURNOVER of Peter Black Holdings, makers of footwear and handbags, increased by more than £2m. to £12.71m. in the year to April 30, 1976 and profit was a record £1.02m., compared with £0.91m., subject to tax of £0.49m. (£0.55m.)

The tax charge includes an exceptional credit of £44,153 relating to the prior year.

Earnings are shown to be up from 9.12p to 13.17p per 25p share, and the final dividend is 3.15p net for a total of 5.15p (4.69p), the maximum allowed. Imputed tax credits associated with the dividends, which absorb £206,000, against £187,800, amount to 2.773p per share.

*In the first half profit was up from £0.31m. to £0.64m. and the directors said then that they faced the future with confidence.*

## DARES ESTATES

The directors of Dares Estates *hope to post the annual report for* 1975 on or before August 27. The preliminary announcement should be made on August 6.

# Hogg Robinson up—£3m. rights

INTERNATIONAL insurance brokers, underwriting agents, and freight and travel agents, Hogg Robinson Group reports a rise of 27 per cent. in pre-tax profits *from £4.68m. to £5.93m.* for the year to March 31, 1976, and is making a one-for-eight rights issue at 118p per share to raise some £3m.

At midway profits were £2.02m. against £1.45m. and the directors expected "a significant increase" in full-year results.

Full-year earnings expanded from 12.03p to 14.23p per 25p share and the dividend total is effectively raised from 3.228p to 3.38p net with a final of 1.43p.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Income | 17,294 | 13,363 |
| U.K. insurance | 10,681 | 7,953 |
| Overseas insurance | 3,897 | 2,925 |
| U'writing commission | 1,340 | 1,045 |
| Inv. income etc. | 1,396 | 1,410 |
| Expenses | 12,143 | 9,126 |
| Shppg. fwrdg. travel profit | 157 | 226 |
| Share associates | 390 | 220 |
| Exchange gains | 253 | — |
| Profit before tax | 5,933 | 4,683 |
| Tax | 2,530 | 2,129 |
| Minorities | 237 | 181 |
| Extraord. credit | 219 | *436 |
| Available | 3,385 | 1,818 |
| Dividend | 678 | †489 |
| Retained | 2,356 | 1,416 |

* Debits. † 191,429 shares issued in lieu of the interim, saving some £139,000.

The chairman, Mr. Francis Perkins, says that more than half the insurance broking income arises from overseas sources, and he anticipates further progress in the year ahead.

The majority of the rights issue proceeds will be used to acquire the freehold of the head office building at Lloyds Chambers for which contracts have been exchanged. The underwriting for the issue, arranged by Baring Brothers and Co., has been completed. Brokers to the issue are *Phillips and Drew.*

The Board expects to recommend dividends for 1976-77 totalling 5.525p net on the increased capital. In the context of the rights issue, Treasury consent has been received to pay dividends up to this level for 1976-77.

*Statement Page 16*

See Lex

## Advance by Madame Tussaud's

Turnover, excluding VAT, of Madame Tussaud's advanced from £0.99m. to £1.13m. in the first half of 1975 and profits increased *from £298,000 to £320,000 before* tax of £168,000 compared with £158,000.

The interim dividend is lifted from 0.3p to 0.34p net per 5p share and the directors expect to recommend the maximum permitted final. Last year's total was 0.88682p paid from pre-tax profits of £1m.

## Property Security

On £528,000 available for distribution, compared with £594,000, Property Security Investment Trust is paying a final dividend of 1.2305p net, making a total of 1.6835p (1.5459p) for the year ended March 31, 1976.

The available surplus is struck after an extraordinary credit of £1,255,000, against £1,889,000, of which £16,000 (£149,000) has been charged to capital reserve.

Before extraordinary items, stated loss per share is 4.59p (10.52); *after, there were earnings* of 3.37p, against 3.24p.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Income | 2,497 | 1,971 |
| Interest paid | 2,929 | 3,235 |
| Pre-tax loss | 737 | 1,497 |
| Expenses | 199 | 150 |
| Taxation | 112 | 195 |
| Extraord. credit | 1,255 | 1,889 |
| Minorities | 106 | 178 |
| Available surplus | 528 | 594 |

# Arlington Motor outlook

Mr. N. C. Rousden, chairman of Arlington Motor Holdings, says he believes there will be a steady *improvement in the commercial* vehicle market which always reacts to economic conditions far more slowly than the motor-car market, but which now appears to be on a definite upturn.

Passenger service vehicles are still strong, but the group is concerned at the *ability* of coachbuilders to meet requirements. The car market seems to have settled to a steady level, while the bodybuilding division is improving in line with commercial vehicles.

The current year will also *benefit from last year's* investment in vehicles for lease and contract hire and in hire-purchase advances, profits from which tends to accrue in the later year of the relevant contracts, the chairman says.

The hire-purchase company and the leasing and contract hire departments are expected to continue to show increased profits.

For the year ended March 31, 1976, group pre-tax profits were down from £776,000 to £542,000, due mainly to a £203,000 increase in financing costs.

Finance for investments and the increase in stocks and debtors has been provided in part by the sale of land at Brimsdown for £235,000 and of the remainder of the Enfield Town garage for its approximate book value of £200,000 and a refund of corporation tax of £307,000.

Meeting, Chartered Accountants' Hall, August 25 at noon.

Chairman's statement Page 16

## LONDIS GROWTH

Londis, the retailer-owned buying group, reports sales of £14.1m. for the six months to July 30, a £3.5m. *rise* on the same period in 1975. Allowing for inflation on the range of products Londis *supplies, this means a real growth* of 18 per cent., says Mr. James Callaghan, the managing director.

"As a result we are well on the way to our target turnover of £30m. for 1976 compared with £22.6m. in 1975."

## Meakers looks for expansion

Mr. S. J. Tindall, chairman of menswear retailers, Meakers, says that to date sales are not up to expectations. However, the group is going ahead to improve branches and expand where it can.

Despite capital expenditure of almost £½m. during 1975-76, the group still remains fairly liquid and this was helped to some degree by reducing over-large stock holdings of the previous year. In the current year every effort is being made to improve the stock position and to increase the rate of stock turn, says the chairman.

No new branches were opened during the year and this was mainly due to the difficulty in finding prime sites without having to pay either uneconomic rents or large premiums, and a number of prospective units were lost because of these factors.

As reported yesterday, pre-tax profits for the year ended January 31, 1976, were down from £384,400 to £248,181. However, the previous year included a £47,756 profit on sale of properties.

It was also inadvertently reported that the chairman was Mr. C. H. Barnes. He has retired after being chairman for the past six years.

BIDS AND DEALS

# McKechnie paying £4.3m. for Ideal Casements

McKechnie Brothers, the industrial group engaged mainly in non-ferrous metal and engineering fields with operations in the U.K., South Africa, Australia, and New Zealand, is acquiring Ideal Casements (Reading) for £4.35m. cash.

Ideal is a private company operating mainly in Reading. It is principally engaged in the manufacture of tubes and metal window frames. Its pre-tax profits have grown from £206,000 in 1970 to £1,072,000 for the year ended last January.

The acquisition will be funded out of McKechnie's own resources supported by a new £4.5m. six-year loan facility, provided by its bankers.

● comment

McKechnie's bid for Ideal will take the group into the ferrous metal business for the first time. In addition, Ideal has developed some useful entries in the Middle East. Ideal's £1.072m. profits last year were barely changed from those of the previous year in spite of the construction recession and trading levels are being maintained this year. Meanwhile, the extent to which McKechnie draws on the £4.5m. loan facility depends on copper price fluctuations, but even a full take-up this year should present no gearing problems. *McKechnie's shares, up 3p* to 66p yesterday, give an historic yield of 8.2 per cent., while combining the recent McKechnie forecast with Ideal's actual 1975-76 earnings gives a p/e of 6.1.

## A. CONTINENTAL INVESTMENT

Referring to the possible offer for the minority interest by Generale Occidentale, the Board of Anglo Continental Investment and Finance Company states that following purchases of 220,000 Anglo Continental Ordinary shares by GO and, since the date of the bid announcement, 110,000 shares, GO now holds 69.11 per cent. of Anglo Continental shares.

## AD INTERNATIONAL

AD International, the British dental concern, is expected to-day to advise shareholders about the renewed bid from the U.S. group Dentsply, which values AD at £15m. Indications are that AD, which is advised by Kleinwort Benson, will be looking for improved terms.

Dentsply, for which Hill Samuel is acting, has repeated, on unchanged terms, the offer which it made last December—then with the AD Board's backing—subject to certain conditions and undertakings which were not made within the necessary timetable.

In a growth industry of this kind, it appears likely that AD will want a higher bid after the further lapse of time.

## LOW & BONAR TRADING SATISFACTORILY

The official document relating to the offer by Low and Bonar for packaging group Bibby and Baron contains a dividend forecast from L and B of 9.75p per share, or 15p per share, including the tax credit. L and B describes trading in the current year ending November 30, 1976, as "satisfactory." Sales in the first seven months are ahead of the corresponding period in 1975.

The offer—two Ordinary L and B for every six Bibby and Baron, or one L and B plus 138p cash for every six B and B—is being accepted by the B and B Board and is recommended to other shareholders. At last night's prices, the two offers are worth 49p and 48p respectively; this compares with a closing price of B and B yesterday of 40p and with 34p before the announcement last month that talks were in progress.

Holders of the 5 per cent. (now 3.5 per cent., plus the tax credit) Preference shares in B and B are being offered 30p per share cash.

Low and Bonar, which held no shares prior to the offer, now has a holding of 13.37 per cent. of the capital (570,000 shares). Directors holdings are shown as representing just under 6¼ per cent. of the equity.

The chairman of Bibby and Baron, Mr. R. F. Dent, states that while funding is adequate for present requirements, "the company does not possess the resources to finance both the capital expenditure, which will be necessary if it is to develop, and the increasing working capital requirements of the existing business. B and B incurred pre-tax loss last year of over £1m. Trading conditions in the current year are described as being more favourable than last year.

The packaging business in Low and Bonar—which has other interests in textiles, engineering and floorcoverings—is complementary to Bibby and Baron, which will continue under its present management. The enlarged group will have net tangible assets of £25.7m.

## Newman pushes up stake in Clough

In a deal with unusual terms, Newman Industries has acquired 869,768 shares—some 59 per cent.—of Alfred Clough, the pottery concern in which it already has a 33.9 per cent. stake, at 53p a share.

The holding, bought from the interests of Major E. H. Marley, Clough's present chairman, brings Newman's stake in Clough to 92.8 per cent.

The exceptional additional provision is that Newman says that "in the event of an offer of 100p or more per share being made for the whole or any part (exceeding 30 per cent.) of the capital of Clough on or before December 31, 1976, Newman will pay an additional amount equal to the excess over 53p per share attributable to the 869,768 Ordinary shares." Clough's shares closed 6p up at 53p last night.

Newman is to make an offer to the remaining Clough shareholders with 7.2 per cent. on the same terms as those described as soon as possible. The Takeover Panel has, in the exceptional circumstances, agreed. Midland Bank has confirmed that Newman has the resources to implement *the offer in full.*

Major Marley is to become president of Clough, at which Mr. Alan Bartlett—Newman's chairman—will become chairman.

## SUITS PURCHASE

Scottish and Universal Investments has acquired leading Danish poster publishers, Minerva Gallery, for some £250,000. The acquisition will supplement its existing British publishing interests.

## NO PROBE

Mrs. Shirley Williams, Secretary of State for Prices and Consumer Protection has decided not to refer the proposed merger between Kemanord AB and R and G Cuthbert to the Monopolies and Mergers Commission.

## Best and May second half improvement

After a fall from £105,129 to £93,659 at midway, stockists and distributors of electrical equipment and plant, Best and May reports an expansion in pre-tax profits from £194,863 to £203,196 for the year to April 30, 1976.

Earnings per 10p share are shown to have risen from 4.67p to 4.83p and as forecast a final dividend of 1.7735p net raises the total payment from 2.272p to 2.4775p.

After tax of £108,600 against £101,500 the net balance emerges at £96,596 compared with £93,363.

## Triplex Foundries

Mr. R. Harrison, chairman of Triplex Foundries Group, told shareholders at the annual meeting that management accounts for the first quarter showed an improvement, and he was confident last year's first-half profit of £676,000 would be exceeded by a reasonable margin.

Regarding long-term development plans, costs were now *estimated to exceed £8m over* five years. Much of this expenditure would qualify for grants under the Ferrous Foundry Industry scheme.

## City Offices ahead at midway

Gross income of City Offices Company increased from £520,067 to £543,517 in the first half of 1976 and second-half income is expected to exceed that of the first.

Midway profits before tax advanced from £365,438 to £419,883. The total for the year 1975 was £840,178.

After tax up from £171,470 to £198,472, first-half earnings rose from 0.85p to 0.96p per 25p share. The interim dividend is raised from 0.64p to 0.7p net—last year's final was 0.76p.

The balance available for appropriation expanded from £485,538 to £620,066.

## Outlook for Philip Harris

Provided cuts in home educational spending are not too severe, Mr. N. H. Russell, chairman of Philip Harris (Holdings) is confident of further progress in the next 12 months.

The current year has started with a healthy order book, especially for exports, he states. New export markets have been and are being opened and the company has obtained a larger share of the static home market.

As known, pre-tax profit for the year to March 31, 1976, improved from £0.48m. to £0.8m. The accounts show that a former director received £6,349 as a retirement gift.

# INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Yamaichi to follow the 'Big Three'

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, August 3.

YAMAICHI Securities Company, the smallest of the "big four" Japanese securities companies, has announced plans for a 27 per cent. capital increase later this year, following similar operations earlier in the year by the other major securities companies.

Yamaichi will make a rights issue of two-for-ten to existing shareholders at the par value of Y50 per share and a scrip issue of one-for-ten plus a public offering of 26m. shares at market price. The public offering, to be made at the beginning of December, would be worth just under Y6bn. at the current market price of Y230 per share. Yamaichi estimates that its capital (at Y50 par value) will go up from Yen18.57bn. to Y25.44bn. as a result of the combined public offering and rights issue. Excluding the scrip issue, the increase will amount to 27 per cent.

The Yamaichi capital increase follows similar operations by Nomura, Nikko and Daiwa Securities from the end of April onwards. Of the three larger companies Nikko achieved the biggest capital increase (31 per cent.) followed by Daiwa with 26 per cent. and Nomura with 22 per cent. The fifth- and sixth-ranking securities companies, New Japan Securities Company and Nippon Kangyo Kakumaru increased their capital last autumn and are now believed to be contemplating further share issues.

Capital issues by the major Japanese securities are closely regulated by the Securities Bureau of the Ministry of Finance—a fact which may account for the carefully spaced timing of this summer's issues with Nomura (the biggest) coming first in April and the other companies following at intervals of a month or so. The Securities Bureau also has a say in the amount of issues. This is a sensitive point considering the competition for ranking among the big four, and particularly Nikko's strenuous efforts to close the gap between itself and Nomura.

Yamaichi's capital increase this autumn will be its first for three years and comes after a period in which profits were squeezed by low turnover and general weakness on the Tokyo stock market. Yamaichi's results for its current business term (ending on September 30) are expected to show a marked improvement with current profits at around Y12.5bn. compared with the previous year's Y3.9bn.

● Reuter adds from Tokyo: The Fuji, Sumitomo, Mitsubishi and Sanwa Banks said they will each raise their capital by 30 per cent. in addition to a five per cent bonus stock issue to Y89.1bn. from Y66bn. The capital of the four banks is the same.

They said that shareholders registered on September 30 will qualify for a three-for-10 rights issue at par and a one-for-20 bonus issue.

Payment will be required by end-January 1977, for shareholders of Mitsubishi Bank and Fuji Bank, and by end-February for those of Sumitomo and Sanwa banks.

## Lend Lease bucks the property trend

BY JAMES FORTH SYDNEY, August 3.

LEND LEASE Corporation, the major property developer, performed well in 1975-76 lifting profits 20 per cent. to $A10.2m. The result is only slightly short of the peak $A10.2m. profit earned in 1973-74, just before the property market went into a severe depression. It reverses the trend in 1974-75 when profits dipped to $A8.5m.—the first setback to earnings in 11 years.

The result follows a 14.5 per cent profit increase at the halfway mark. Lend Lease actually did even better in the second half, lifting earnings almost 27 per cent.

Gross revenue for the year rose 21.7 per cent. to $A249m. The dividend is maintained at 12.5 cents a share and is covered by earnings of 24.6 cents a share, compared with 20.7 cents a share in 1974-75.

The result was after tax of $A7.9m. ($A6.9m.). It was also after a 19.5 per cent. cut in the interest bill for $A1.9m. Reserves rose from $A43m. to $50.4m., while borrowings, as a ratio of total assets, dipped from 17 per cent. to 10 per cent.

● Tooth and Co., a major Australian brewer, was determined to maintain its leadership in the industry which would make it necessary to widen its range of activities to provide for changes, the chairman, Mr. G. J. Cullen said at the annual meeting in Sydney. He said Tooth had held the premier position in the industry for more than a century.

He gave no details of possible moves but said the formation of a separate marketing division was "the first move in guiding our steps in the right direction."



MONEY MANAGEMENT

## Funds across the sea

BY JAY PALMER IN NEW YORK

YESTERDAY MORNING Goldman Sachs, one of the largest and most powerful U.S. investment banks, unveiled a surprise plan to spin off its entire institutional money management business to a new and independent New York based company which will be at least partly owned by London Merchant bankers Kleinwort Benson, under the supervision of Kleinwort's vice-chairman M. W. Jacomb.

M. W. Jacomb

The new operation, which will, incidentally, be called Kleinwort Benson McCowan, will advise managed funds totalling $750m. According to Goldman Sachs, $400m. will come from itself and $350m. from Kleinworts. Ownership of the company will be split between Kleinworts, a group of former Goldman Sachs managers who will resign to head the operation and, to an undisclosed lesser extent, Goldman Sachs itself which will take a minority shareholding.

All parties to this new deal are being remarkably coy about disclosing the split of new ownership. However, the word from Goldman Sachs here is that Kleinwort's "ordinary equity stake is considerably less in percentage terms than its contribution to the new group's funds." At the same time it is understood that Goldman Sachs will itself take only a tiny minority equity stake.

In addition to the obvious economies of scale in managing money, officially this new venture is being set up to offer international clients the "expertise of Goldman Sachs in U.S. securities and Kleinwort Benson in markets overseas." While indeed this may be a factor (though since Kleinworts and Goldman Sachs have been close friends for over 80 years one cannot help wondering what is gained) and clients are apparently happy with the plan, it is evident that the motives of the two banks are very different.

However one looks at it, it is only too evident that the appeal cannot lie in expanding money management as such. According to just about every official and unofficial survey, managing money to-day is no longer the business it was when Jerry Tsai secured a multi-million dollar sell-out of his $500m. fund in the 1960s bull market.

Since those go-go days, costs have soared and management fees, traditionally no more and often less than one-half of 1 per cent. of assets supervised, have been badly hit by the bear market. Commercial bank loss-leading competition has also held down any trend to charge higher fees while even commission rewards of trading for funds have been hurt by mandatory negotiated rates.

The appeal of this spin-off for Kleinworts in London obviously centres on the way that the formation of this new company gives it a major foothold in the "vibrant" U.S. capital marketplace. Traditionally, of course, merchant banks have used their corporate finance contacts to secure money management business but in this case the reverse applies. Many in Wall Street, noting that U.S. xenophobia could eventually lead to KBM losing business, would claim that this dream is fallacious.

Whereas Kleinwort Benson is basically aggressive, Goldman Sachs is evidently shedding money management defensively. Its move comes primarily in response to two recent U.S. securities laws which will force all investment banks and broker-dealers, as well as, to a lesser extent, new issue underwriters, to put their institutional investment management activities on an independent and arms-length basis by May 1978. Goldman Sachs' proposed minority stake in the new company is believed to be the largest that, in lawyers' opinion, it can have while giving up control to meet the new laws.

Faced with this latest threat of federal intervention, a popular running theme among Wall Street brokers is that these laws are so imprecisely written that they stand very little chance of being upheld by the courts. But even if this does not prove wishful thinking, there can be little doubt that the basic aims of the laws in stamping out possible areas of conflict of interest will be repeated.

The dangers of conflict of interest among the differing parts of the U.S. financial community have been worrying federal regulators. Congress and the courts ever since the stock market crash of the 1930's exposed so many devious habits. "When the history of the collapse is written," Justice Harlan Fiske Stone wrote in 1934: "I venture that most of its mistakes and its major faults will be ascribed to the failure to observe the fiduciary principle, the precept as old as the hold writ, that 'a man cannot serve two masters'."

The first move to ban conflicts of interest was the 1933 Glass-Steagall Act. By forbidding commercial banks from selling, underwriting or distributing corporate securities, the Act built a wall between the two worlds of investment and commercial banking. The idea was, of course, to halt conflicts that could result from a bank selling the securities of a company to which it had lent money.

### Recent moves

The most recent moves on this same conflicts front is much more modest in its apparent ambitions. Between them the Employees Retirement Income Security Act of 1974 and the Securities Acts Amendments of 1975 effectively ban any broker-dealer from executing buy or sell share transactions for its own in-house institution money management group. They also expand previous restrictions on money managers buying their parent company's new issue offerings without the written permission of their clients.

The aim is to stamp out once and for all the practices of "churning" managed funds' accounts to create needless commissions and "fund stuffing" to unload unpopular and unwanted new offerings. By forcing broker-dealers to build a wall between money management and both trading and new offerings, it is also designed to prevent conflicts of interest where insider knowledge known to, say, an underwriter, should and cannot be passed on in the form of an investment decision.

The headline making conflict-of-interest sagas — Citibank and Topper, Goldman Sachs and Penn Central coming immediately to mind — almost always involve broker/dealer and underwriter clashes but it is easy enough to envisage the sort of situation that these acts will prevent. Say either the new issue department or corporate finance executives of an investment bank know something really bad (or for that matter, good) about a company. On one hand they have a fiduciary responsibility to keep that insider knowledge secret and, on the other, as a firm they must make money management decisions based on their best evaluation.

Many Wall Street investment banks have already taken much less dramatic moves than Goldman Sachs to hive off their money management. Morgan Guaranty and several other banks have moved money-management departments to completely separate buildings behind so-called "iron curtains." Achieving the same degree of independence in a different way, several large brokers including Merrill Lynch and Donaldson Lufkin Jenrette have spun off their money management operations.

While the various options are many, virtually every single large New York investment bank and broker dealer is going to be forced over the next 22 months to come up with a plan to give independence to their money managers. The most obvious candidates include Oppenheimer, Lazard Freres, Smith Barnes, Eberstadt, Lehman Brothers, White Weld and Loeb Rhoades. All of these have large money management sides.

The immediate impact of the new laws will be only to encourage the granting of titular independence. However, the mandated loss of once-tied in-house commission trading dollars could prove the final straw in destroying the anyway shaky profits of money management. Thus while this enforced "move to purity" will be resented on Wall Street, the coming months will see a series of almost unique opportunities for foreign financial institutions to buy their way into the U.S. Kleinwort's move could set a precedent.

## Unisec dabbles in the stock market, after good interim results

BY RICHARD ROLFE JOHANNESBURG, August 3.

THE UNISEC Group, one of South Africa's major investment holding companies, increased pre-tax profits from R3.4m. to R3.8m. for the six months to June 30 and looks likely to beat last year's outcome of R7.1m., though probably not by a large margin.

Earnings rose from 6.1c to 6.7c at the halfway stage and the interim dividend has been maintained at 4c, including partly owned trading subsidiaries, the latest results show earnings of 7.1c.

The board comments that the greater portion of annual dividend income accrues in the first part of the year, the reason for this being that some of Unisec's key associates pay the "thick end" of their annual dividend by way of a disproportionately large final, which Unisec then brings in to its own accounts on the last day for registration. In this category are Unidev, the property and contracting group of which 44 per cent. is owned, and the printing group Hortors, where Unisec holds 55 per cent.

Unisec still holds large cash balances, the bulk of which accrued from the sale two years ago of Natal Tanning Extract, and at June 30, net quick assets amounted to R14.7m., or just over 30c per share. However, the group has begun to get its feet wet in the South African share market again as the cash figure is down from R19.1m. six months ago. Listed investments have a book value of R35.3m. and market value of R26.7m., the latter figure being nearly R5m. up from the end-December leve[l] and mainly reflecting the R4m. so invested in the past half yea[r].

One important contributor [to] the latest profit figures [is] interest on the cash balance[s] which, with short-term mone[y] market rates as high as 13 p[er] cent., could have earned aroun[d] R750,000 in the half-year.

Since June 30, Unisec h[as] acquired further shares in t[he] ill-fated Tokengate, now Tolu[x]. Unisec held 33 per cent. [of] Tokengate before its scheme [of] arrangement was approved a[nd] has now raised its holding [in] the successor company, Tolux, [to] 82 per cent.

This is because the majori[ty] of Tokengate's U.K. shareholde[rs] accepted cash in return for the[ir] holdings, and Unisec as unde[r]writer therefore ended up wi[th] additional shares.

Since June 30, Unisec has la[id] out approximately R2m. following this underwriting co[m]mitment and has therefo[re] depleted its cash holdings [by] that amount.

Virtually Tolux's only asset [is] a holding of 5m. shares [in] Unisec itself. At some stage, [no] doubt, Unisec will want [to] acquire the Tolux minority [in] order to cancel these share[s] with beneficial effect on its ear[n]ings and net asset value, t[he] latter currently being arou[nd] 147c.

Unisec is now 93c, to yie[ld] 10.8 per cent. on last year's 1[0c] dividend, and the Board says t[he] year's total should be "not less than that in 1975.

## Ahold goes for Spain in diversification move

BY MICHAEL VAN OS AMSTERDAM, Aug. 3

AHOLD, Holland's leading retail chain with emphasis on the groceries sector, has finally decided to make its first move in the sphere of activity outside the country. It has selected Spain as the market and the company announced in Zaandam to-day, a company called Ahold Espana has been set up which will initially run two supermarket stores in the Madrid area.

A spokesman for Ahold (Albert Heyn), a public quoted company, said the Spanish subsidiary has a capital of 600m. pesetas, of which 150m. are issued. Its first unit, with the permanent name "Cadadia," is to be opened in October with 800 square metres selling space.

Ahold added that its new Spanish company was believed to be the first foreign compa[ny] active in the Spanish sup[er]market retail sector with only French and a Brazilian grou[p] active in the Hypermarket se[c]tors. The selection of Spa[in] followed a market study [of] several other European cou[n]tries. That market offered t[he] best prospects for Ahold Kno[w]how.

The Dutch supermarket cha[in] is already active in West Ge[r]many in the recreation secto[r] and in Belgium in the restaurant sector. The director of Ahol[d] Espana will be Mr. M. Vangee, a Belgian, who has had five years experience in the Spanish reta[il] sector. Further expansion [in] Spain or in other European markets is not ruled out for th[e] future, the spokesman said.

## Growth and optimism at Dunlop

BY OUR OWN CORRESPONDENT JOHANNESBURG, August 3.

DUNLOP SOUTH AFRICA, which is 70 per cent. controlled by the U.K. group, raised turnover from R39.5m. to R41.2m. in the six months to June 30 and managed a more than comparable rise in profits. This continues the trend seen in many recent results which suggests that industrial profits are buoyant despite the economic slowdown. Dunlop's trading profits picked up from R4.5m. to R5.4m. showing an improvement in trading margins from 11.7 per cent. to 13.1 per cent.

At the attributable level, after increased depreciation and tax, Dunlop earned R1.1m., equivalent to 13.2c per share, a rise of 3c on the previous period, while the dividend was raised 1c to 6c.

The Board says that it was unable to pass on nearly R1m. [of] raw material costs, in terms [of] the official anti-inflation cam[paign], and that the improveme[nt] was largely due to a significa[nt] reduction of losses in the floori[ng] company and to the eliminati[on] of losses at Dunlopillo. Overhea[d] costs have also been pruned.



## AT & T dominance supported by Federal Commission findings

BY STEWART FLEMING NEW YORK, August 3.

AMERICAN Telephone and Telegraph, the giant U.S. company which has an effective monopoly of the country's telephone service, has had its dominant position reinforced by the findings of a Federal Communications Commission administrative law judge.

In a response to recommendations by staff of the Federal Communication Commission, the official, Judge David Kraushaar, rejected recommendations that AT and T should be forced to divest itself of its subsidiary which manufacturers telephone equipment, Western Electric Company.

He also concluded that the company's long distance telephone rates are reasonable and that the company provides an excellent service.

The judge's findings are in no way conclusive but represent rather a further, albeit important stage in the long running argument about whether or not AT and T is an efficient company, and also whether it should be allowed to continue to operate in the current structure of Federal control on overall rates of return, while maintaining an effective monopoly on the telephone system through its Bell System.

For several years now, the company has been under increasing pressure to modify its monopoly position, which among other things has led to rulings fostering the growth of competitors. Competitors have not, however, made large inroads into the AT and T market overall, with the result that there are moves underway by the Justice Department, which polices monopolies to force the break up of the company and by FCC staff to recommend divestiture of certain activities.

The administrative judge's findings while they will not necessarily halt these moves, provides the company with ammunition to resist them.

## New man at Credit Lyonnais

By Robert Mauthner

M. CLAUDE Pierre-Brossolette, 48, who last week resigned as Secretary-General at the Elysee Palace—the top post in President Giscard d'Estaing's private office—was appointed to-day as the State's representative on the Board of Credit Lyonnais, one of France's three large nationalised banks.

In this capacity M. Brossolette replaces M. Jacques Chaine, the former Chairman of the Bank, who was assassinated in front of his office last May.

The new chairman of the Credit Lyonnais, who was a former head of the Treasury Department of the French Finance Ministry, has a hard task ahead of him for the bank has only just emerged from a troubled period both on the financial and personnel fronts.

M. Chaine took over the reins of office in 1974 when the Credit Lyonnais, for the first time in its long history, suffered a loss of Fr.153m., mainly as the result of mismanagement of its lending and borrowing operations.

Within a year the late chairman had turned this loss into a profit of Frs.163m., but many of the personnel problems which he had inherited still remain unsolved. One of M. Brossolette's first tasks will be to decide what to do about his predecessor's plan to make stark cuts of as much as 3,000, which provoked the trade unions into taking M. Chaine and one of his co-directors to court.

## Harwood Group to repay funds

BY JOHN WICKS ZURICH, August 3.

THE SWISS Banking Commission has started investigations into companies affiliated to the Progress Foundation, of Lugano, with a view to repayment of funds to investors. There is no claim of insolvency on the part of the group or individual companies, which have consented to the Commission's measures.

The companies, which include gold-backed investment funds of the American-owned Harwood concern, were last year involved in a complicated legal case between the U.S. Securities and Exchange Commission and the Swiss Credit Bank, in the course of which the bank agreed to deposit its own letter of credit of $122m., representing the value of clients' assets deposited with it in Switzerland.

A settlement announced last month between the SEC and the Bank foresees redistribution of the unregistered securities, which is now also the aim of the Swiss Banking Commission. The Swiss Credit Bank, which denies responsibility for any irregularities in the matter—from the start it has stated that it acted only as depositary for the Harwood Group—says the letter of credit will be dissolved as repayment takes place over the coming months.

The Banking Commission itself states that its attention was only drawn to the Harwood group by the U.S. measures. The funds, which do not "meet Swiss requirements" and are seen as differing too widely from conventional Swiss investment funds to permit of reorganisation, would otherwise have been subjected like other investment funds or similar bodies to commission control at an earlier date.

● Group turnovers of Switzerland's 90 biggest industrial concerns totalled some Sw.Frs.83bn. last year and were thus no higher than sales recorded for 1974, according to a survey published by the Union Bank of Switzerland. In fact, sales fell in the case of 53 of the 90 firms, due both to recession and to the higher Swiss-Franc rate. Of the 49 major industrials publishing cash-flow figures, some 35 showed a drop on 1974 levels. The difficult conditions of 1975 were also reflected in a 3.5 per cent. decline in the number of group employees to a total of 770,000, this including Swiss-based staff down by 8 per cent. to 244,000.

For the 40 major trading companies in the country, the bank also announces a stagnation in sales levels last year, as well as indications of a widespread fall in profits. The pattern is different, however, for the leading banks, whose balance sheet totals rose by 14.5 per cent. to SwFrs.251bn. on the part of the top 50 and all but two of whom booked higher net profits.

In the tables, the Union Bank confirms an earlier provisional report that Nestle Alimentana, Vevey, was by far the leading industrial concern with group sales of Sw.Frs.18.28bn., followed by Ciba-Geigy AG with Sw.Frs.9.03bn., the Brown Boveri engineering group with Sw.Frs.7.72bn. and Hoffmann-La Roche with Sw.Frs.4.75bn. Migros and Co-op headed the list of trading corporations with turnover of Sw.Frs.6.52bn. and Sw.Frs. 4.85bn., respectively, while the biggest non-state transport and service undertakings were Danzas, Basle, with non-consolidated sales of Sw.Frs.3.1bn., Swissair with turnover of Sw.Frs.2.32bn. and Panalpina with sales of Sw.Frs.1.55bn.

### SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| Alcan 9½pc 1989 | 101 | 102 |
| Aquitaine 10pc 1985 | 104 | 105 |
| Bowater 9½pc 1986 | 100 | 101 |
| Caisse Nat. Autos 9pc 1986 | 99 | 100 |
| CNR 9pc 1985 | 100 | 101 |
| ECS 9pc 1986 | 101 | 101 |
| EIB 9pc 1985 | 102 | 103 |
| Erap 9½pc 1985 | 102 | 103 |
| Esso 8pc 1986 Nov | 100 | 101 |
| Eurofima 9½pc 1983 | 100 | 100 |
| Grand Met 9pc 1985 | 101 | 102 |
| ISE Canada 9pc 1986 | 102 | 101 |
| Massey Ferguson 9pc 1991 | 100 | 101 |
| Michelin 9pc 1986 | 100 | 101 |
| Modo 9pc 1983 | 102 | 103 |
| Nat. Westminster 9pc 1986 | 99 | 100 |
| Norpipe 9pc 1986 | 101 | 101 |
| Norsk Hydro 9pc 1986 | 102 | 103 |
| Oslo 9pc 1988 | 100 | 101 |
| Pacific Light 9pc 1985 | 95 | 95 |
| Prov. Quebec 9pc 1981 | 100 | 101 |
| Sandvik 9pc 1986 | 100 | 101 |
| Scanraff 9pc 1985 | 99 | 100 |
| SFE 9pc 1986 | 100 | 101 |
| Shell 8pc 1986 | 100 | 101 |
| Stand. Oil Ind. 9pc 1980 | 101 | 101 |
| Svenska Hand. 9pc 1986 | 101 | 102 |
| Volvo 9pc 1985 | 102 | 103 |
| NOTES | | |
| Bank of Tokyo 8½pc 1981 | 100 | 100 |
| Barclays 8pc 1982 | 102 | 10[illegible] |
| British Gas 9pc 1981 | 100 | 100 |
| Charbonnages Fr. 8½pc 1981 | 99 | 100 |
| Denmark Mort. Bk. 9pc 1981 | 101 | 102 |
| ECS 8pc 1981 | 101 | 101 |
| EEC 8pc 1982 | 97 | 97 |
| Montreal Urban 8pc 1981 | 96 | 97 |
| National Fin. 10pc 1981 | 102 | 103 |
| NCB 8pc 1981 | [illegible] | 98 |
| New Brunswick 8½pc 1983 | 101 | 102 |
| Seagram 9pc 1983 | 102 | 103 |

Source: White Weld Securities.

| CONVERTIBLES | Bid | Offer |
|---|---|---|
| American Express 4¼pc 1987 | 80½ | 82 |
| Ashland 5pc 1988 | 91 | 93 |
| Beatrice Foods 4¼pc 1992 | 96½ | 98 |
| Beatrice Foods 4½pc 1992 | 112½ | 114½ |
| Borden 5pc 1992 | 96½ | 98 |
| Broadway Hale 4½pc 1987 | 76½ | 78 |
| Canon Camera 7pc 1989 | 136 | 139 |
| Carnation 4pc 1987 | 81 | 83 |
| Chevron 5pc 1988 | 117 | 119 |
| Dart 4½pc 1987 | 78½ | 80½ |
| Eastman Kodak 4½pc 1988 | 112 | 114 |
| Economic Labs. 4½pc 1987 | 71½ | 73½ |
| Fed. Dept. Stores 4½pc 85 | 107 | 109 |
| Firestone 5pc 1988 | 87 | 89 |
| Ford 6pc 1986 | 97 | 99 |
| Ford 5pc 1988 | 87 | 89 |
| General Electric 4¼pc 1987 | 83½ | 85½ |
| Gillette 4½pc 1987 | 74 | 76 |
| Gould 5pc 1987 | 98 | 100 |
| Gulf and Western 5pc 1988 | 97 | 99 |
| Harris 5pc 1992 | 91 | 93 |
| Honeywell 6pc 1986 | 83 | 85 |
| ITT 4½pc 1987 | 71 | 73 |
| Komatsu 7½pc 1990 | 106½ | 108 |
| J. Ray McDermott 4¾pc 1987 | 142 | 144 |
| Mitsubishi Elec. 7½pc 1991 | 107½ | 105 |
| Mitsui 7½pc 1990 | 103½ | 104½ |
| J. P. Morgan 4½pc 1987 | 111 | 113 |
| Nabisco 5½pc 1988 | 92 | 94 |
| Owens Illinois 4½pc 1987 | 100 | 102 |
| J. C. Penney 4½pc 1987 | 78 | 80 |
| Pioneer 6½pc 1989 | 302 | 307 |
| Raymond 8pc 1983 | 98½ | 99½ |
| Revlon 4½pc 1987 | 110 | 112 |
| Reynolds Metals 5pc 1988 | 97½ | 99½ |
| Sperry Rand 4½pc 1987 | 97½ | 99½ |
| Squibb 4½pc 1987 | 76 | 78½ |
| Texaco 4½pc 1988 | 75 | 77 |
| Toshiba 6½pc 1990 | 107 | 108½ |
| Union Carbide 4½pc 1982 | 112½ | 114½ |
| Warner Lambert 4½pc 1987 | 90 | 92 |
| Warner Lambert 4½pc 1988 | 80 | 82 |
| Xerox 5pc 1988 | 75 | 77 |

Source: Kidder Peabody Securities.

### Olympus capital rise

OLYMPUS OPTICAL Company announced that it will raise its capital to Y3.7bn. from Y3.2bn. through the issue of 6,463,000 new capital stock at the market price, with payment due by the end of October, Reuter reports from Toyko. It also plans a one-for-20 bonus share issue. No other details were available.

### CGE-Alsthom reports rise in orders

CGE-ALSTHOM, part of Cie Generale d'Electricite, said total orders received last year were a net Frs.2.32bn., up 19 per cent. from 1974, Reuter reports from Paris.

The increase was chiefly due to a 43 per cent. rise in export orders to Frs.805m., added the company. Turnover in 1975 was Frs.1.95bn.

### Demag forecast

DEMAG, the engineering subsidiary of Mannesmann, said the high level of orders in hand and improved capacity use and turnover expected in the second half of this year should mean 1976 earnings will stabilise after falling to a DM7m. net profit in 1975 from DM22m. in 1974.

In a shareholders letter, it said that in the first half of this year turnover fell 7 per cent. to DM860m.

### Westland growth

WESTLAND-UTRECHT, Holland's largest mortgage bank, said that its net growth of its mortgage portfolio in the first half of this year topped the rate of the corresponding period in 1975. This portfolio rose to Fls.4.71bn. from Fls.4.1bn. at the end of December last year. Michael Van Os writes from Amsterdam.

# WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

# Index jumps 8 with volume up 4.6m.

BY OUR WALL STREET CORRESPONDENT

NEW YORK, August 3.

A SHARP RALLY developed on Wall Street to-day, when the Stock Market broke out of a prolonged period of dullness and scored its best gain in more than three weeks.

The Dow Jones Industrial Average climbed 8.07 to 990.33 and the NYSE All Common Index moved up 48 cents to $55.61, while rises led falls by 917 to 449. Trading volume expanded 4.63m. shares to 18.5m.

The advance started slowly with a few investors making selected purchases in recently depressed issues. As the advance spread, volume picked up with other investors coming into action.

Motors and the widely held American Telephone were leaders of the advance. The rally was assisted by a continuing outlook for steady economic gains throughout the year and beyond. Enthusiasm was further encouraged by hopes for some important dividend decisions as well as the advance in AT & T.

Heavily traded American Telephone rose $1 to $53¾—an official of the Federal Communications Commission disagreed with FCC staff recommendations that A.T. and T. be forced to divest itself of its large Western Electric subsidiary.

General Motors moved up $1⅞ to $69½—after the close it declared a quarterly dividend of 85 (60) cents a share. Ford were up $1 to $57⅞.

Among the issues benefiting from improved earnings recently were Foxboro, up $2⅞ to $46½, and Boeing, $1⅛ to $42½.

IBM moved ahead $3⅞ to $275½, Polaroid $1⅜ to $48, Eastman Kodak $1¼ to $98, Walt Disney $2⅜ to $51½, and General Dynamics $1⅞ to $59⅜.

Cone Mills rose $1¼ to $45½ on a two-for-one stock split.

But Medtronic fell $4¾ to $28½ (on the Over-the-Counter Market)—it has informed physicians that some of its cardiac pacemakers manufactured between April and July 1975 are susceptible to short circuits that can cause the devices to stop functioning.

Boeing moved ahead $2¼ to $42½ in active trading—it received a $67m. aircraft order from American Airlines. It also reported higher second-quarter net and forecast higher second-half sales. American Airlines rose $⅞ to $15⅜ on its raised 1976 traffic-growth forecast.

McDonnell Douglas advanced $1⅞ to $22⅞—the Japanese Defence Office favours its F15 fighter.

THE AMERICAN SE Market Value Index moved up 0.33 to 103.72, while advancing issues led declines by 300-to-257.

### TUESDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Amer. Tel. Tel. | 318,700 | 53¾ | +1 |
| Kroger | 260,300 | 23½ | +1⅛ |
| Chrysler | 253,700 | 22⅛ | +⅛ |
| Nat. Semiconductor | 243,900 | 36 | +2⅞ |
| Scott Paper | 233,800 | 19⅞ | — |
| Inter. Tel. Tel. | 234,600 | 31 | +⅛ |
| Aetna Life | 228,900 | 31⅛ | +1⅛ |
| Boeing | 227,500 | 42½ | +2¼ |
| Transamerica | 225,100 | 12⅞ | +⅛ |
| Texaco | 195,300 | 27⅞ | +⅛ |

## OTHER MARKETS

### Canada mixed

Canadian Stock Markets were mixed in light trading yesterday.

The Gold Share Index dropped 11.8 to 232.64, Base Metals shed 0.24 to 91.60, Utilities eased 0.22 to 143.11 and Banks lost 1.08 to 242.84. But Industrials put on 0.68 to 186.96. Western Oils gained 0.58 to 226.23 and Papers rose 0.93 to 118.56.

Dome Mines fell $2 to $34 and Campbell Red Lake lost $1⅛ to $18.

Bow Valley Industries advanced $1¼ to $27½, reflecting success of companies near its North Sea holdings. Dome Petroleum, however lost $⅞ to $39½.

Canadian Tire improved $⅞ to $44. Massey-Ferguson $⅛ to $38⅛ and Northern Telecom $⅛ to $37⅛.

PARIS—Mainly steady in a quiet session reflecting the numerous departures for the August vacation.

Banks, Constructions, Foods and Electricals were the best movers.

Portfolios, Rubbers and Transports generally eased.

Foreign issues were mostly lower, although Canadians did well led by Credit Foncier Franco-Canadienne. Americans eased and International Oils slipped. Gold Mines mostly improved but Coppers dropped back.

BRUSSELS—Quietly mixed, following end of Account book-squaring.

German shares were lower, Dutch and French issues steady, U.K. and U.S. stocks were mixed, while Golds declined.

SWITZERLAND—Steady in very quiet dealings, with practically no noteworthy price changes.

On the Foreign sector, Dollar stocks generally edged lower, Dutch Internationals were fairly steady, while Germans lost some ground.

COPENHAGEN—Mixed in fair dealings.

OSLO—Banks and Insurances were quiet, Industrials barely steady, while Shippings were well maintained.

GERMANY—Prices continued to slide in dull trading. Losses were posted by all major sectors.

Deutsche Bank lost DM2.60 to DM283.50, and Hoechst DM2.80 to DM140.30.

Motors and Electricals eased, Machine Makers weakened on average of DM3. Only Stores and Breweries were fairly steady.

The Domestic Bond Market shed around DM0.25, but the Regulating Authorities net intervention was negligible. Foreign Mark Loans were well maintained.

MILAN—Irregular trend in thin featureless trading.

Bonds were quietly mixed.

VIENNA—Mixed, with Banks and leading Industrials little changed.

HONG KONG—Generally higher in increased trading.

Hong Kong Bank were up 30 cents to $HK18.90, Hong Kong Land 5 cents to $HK6.90, New World, 1 cents to $HK1.56, and China Light, 30 cents to $HK24.00.

But Hutchison shed 2½ cents to $HK3.075.

TOKYO — Slightly higher in limited trading. Volume 160m. (110m.) shares.

Electricals and Motors rose on small-lot buying by Institutional investors.

Constructions, Foods, Paper-Pulps, Petrochemicals, Pharmaceuticals and Communications also generally improved, but Petroleums, Shippings, Non-Ferrous Metals, and Cements eased on profit-taking and other selling.

Some Banks were higher on continued talk of capital increases. Fuji Bank rose Y5 to Y363, Sumitomo Bank Y5 to Y358 and Sanwa Bank Y1 to Y357.

Daiwa House put on Y25 to Y630 following the end of the Tokyo SE's price stabilisation period for the stock.

Alps were up Y110 to Y1,300, Matsushita Kotobuki Y90 to Y1,890, Matsushita Tsushin Y80 to Y1,700, Teikoku Tsushin Y60 to Y945, Nippon Television Y60 to Y2,310, National Housing Y55 Y690, Nitto Denko Y32 to Y921, Kokuyo Y30 to Y1,190, Makino Y46 to Y470.

JOHANNESBURG—Gold shares were generally firmer, despite a slightly lower bullion price. Financial Minings followed Producers.

Messina shed 10 cents to R3.85. In Coppers, Platinums were narrowly mixed, and Msauli lost 10 cents to R4.80.

Coals regained some recent losses, while Industrials traded quietly easier.

AUSTRALIA—Generally lower in subdued trading, although Uraniums rose against the main trend.

Queensland Mines were up 20 cents to $A2.80, Kathleen Investments 10 cents to 18.5, Central Pacific 4 cents to 40 cents, Peko Wallsend 14 cents to 8.16 and Mary Kathleen Uranium 2 cents to 72 cents. But Pancontinental shed 3 cents to 14.20.

In Oils, Woodside Burmah rose 3 cents to 1.00 on some speculative trading probably connected with the sale of BOC's holding in the company.

Among Industrials, BHP were down 12 cents to 8.24, "Amatil" 9 cents to 1.81 and CSR 4 cents to 5.30.

Banks were steady. Retailers turned lower, although the June figures showed an upturn in over-the-counter sales.

Other groups to ease included Motors, Properties and Building Materials.

# £ and $ firm

Sterling and the U.S. dollar improved against most other major currencies in the foreign exchange market yesterday. Trading was fairly quiet, and pressure tended to ease against the dollar after its recent weakness and there was also less pressure on the currencies in the European "snake." No intervention by European central banks was detected, though the Danish Krone remained close to its floor against the West German mark.

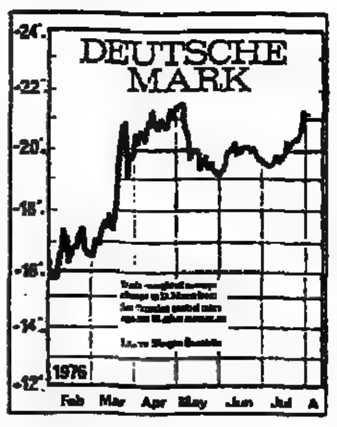
There were conflicting reports about possible intervention in the forward market by the Bank of England yesterday, ahead of the U.K. official reserve figures for July. Discounts on forward sterling against the dollar were fairly steady for periods of over one month, but a sharp increase in short-term Eurosterling rates tended to indicate some support.

Publication of the latest reserve figures did not have much effect on the market however, and the pound closed unchanged in terms of the dollar, at $1.7880-1.7890.

Sterling's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 38.7 per cent. from 38.8 per cent., after standing at 38.9 per cent. at noon and 38.8 per cent. in early dealings.

The dollar was firmer against most major currencies and its trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 2.03 per cent. from 2.17 per cent.

Gold gained $⅜ to $111⅞-112⅜. The krugerrand's premium over its gold content widened to 3.90 per cent. from 3.46 per cent. for domestic delivery, and was unchanged at 3.23 per cent. in the international market.




## Indices

### NEW YORK — DOW JONES

### N.Y.S.E. ALL COMMON

| Aug. 3 | Aug. 2 | July 30 | July 29 | 1976 High | 1976 Low |
|---|---|---|---|---|---|
| 55.61 | 55.13 | 55.28 | 55.22 | 56.54 (22/7/76) | 37.06 (2/1/76) |

| Rises and Falls | Aug. 3 |
|---|---|
| Issues Traded 1,760 | |
| Up | 917 |
| Down | 449 |
| Same | 394 |
| New Highs | 65 |
| New Lows | 23 |

### STANDARD AND POORS

### MONTREAL

### TORONTO

### JOHANNESBURG

## OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—100¼% (same)

### NEW YORK

### CANADA

## GOLD MARKET

## FOREIGN EXCHANGES

## SPECIAL DRAWING RIGHTS RATES

## EXCHANGE CROSS-RATES

U.S. $ in Montreal. Canadian $ in New York. Sterling in Milan 143.0-9.0.

## EURO-CURRENCY INTEREST RATES*

Euro-French deposit rates: two-day 9-9½ per cent.; one-month 9½-10½ per cent.; three-month 10½-11 per cent.; one-year 10½-11½ per cent.

Longer-term Eurodollar deposits: two years per cent.; four years per cent.; five years per cent.

The following nominal rates were quoted for deposit: one-month per cent.; three-month per cent.; one-year per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

## OTHER MARKETS

## FORWARD RATES

### GERMANY ♦

### MILAN

### AUSTRALIA

### JOHANNESBURG

### BRUSSELS/LUXEMBOURG

### PARIS

### SWITZERLAND

### TOKYO

Source Nikko Securities, Tokyo.

### AMSTERDAM

### COPENHAGEN

### STOCKHOLM

### VIENNA

### OSLO

### SPAIN

† Traded. • New stock.

**Douglas Jay** urges détente between the Keynesians and monetarists

# Clearing murky waters in the economic debate

RATHER MORE light would be thrown on the real problems of economic policy if, for a change, one were to set out some basic propositions which any sensible person must accept, rather than engage in a theological contest between so-called Keynesians and so-called monetarists. The latter spreads confusion in the public mind by suggesting, quite falsely, that almost any statement advanced by one group of experts would be contradicted by the other.

So in the cause of an intellectual détente, I start by hazarding the claim that no reasonably informed person would seriously deny these basic propositions:—

- An increase in the supply of money, pushed far enough, tends at some point to raise prices generally.
- The more fully productive capacity is employed, the more pronounced this effect will be.
- The link between money *supply* and prices is through effective demand, since the latter and not the money supply exerts the *direct* effect on prices.
- Conversely, a contraction of the money supply will after a point tend, through its effect on demand, to reduce either prices or output and employment, and possibly all three.
- A general rise in any pay rates exceeding the rate of rise in production (whether generated by collective bargaining or any other cause) will force the authorities *either* to increase the money supply and allow prices to rise, *or* to restrict the money supply and allow employment to fall.

These five assertions are doubtless not much more than platitudes. With only a little more temerity, however, one can surely argue that the following propositions could hardly be *seriously challenged* either. First, since a rise in the money supply influences prices by expanding demand (for example, by individuals or Governments borrowing from the banks to spend or invest), its effect therefore also depends on other influences affecting demand. Similarly with a deflation in the money supply.

Secondly, an increase in money supply can be caused by an expansion of bank lending to either public or private borrowers. It does not matter which of the two are the borrowers, if the banks are able and willing to expand their total deposits. Why should one deny that it can happen either way, or both?

In fact in 1972 and 1973 in the U.K., it was lending to the private sector which was mainly responsible.

## Doctrinaire

Thirdly, what has come to be popularly called "inflation"—a cumulative rise in the general price level—can be caused in at least two ways. Either collective bargaining forces up pay rates faster than output, and the authorities obligingly increase the money supply so as to keep everyone employed. Or, alternatively, an increase in the money supply and thus demand pushes up prices and as a result pay rates also. It is surely only common sense to accept that both can happen—and that both do.

It strikes me as perverse and *doctrinaire* for professed "monetarists" to argue that only the second happens, and others to argue that only the first does. Common observation suggests that both can and do happen. Why should one deny either? Incidentally Keynes himself would surely not have *questioned that that upswing* can start in either way. For it was he—in contemplating a situation when money demand is rising and productive capacity fully employed—who said that "inflation is nature's remedy." And Keynes was also one of those who in Whitehall in 1944 approved (and indeed *inspired*) the draft of the Employment Policy White Paper, which said this: "If we are to operate with success a policy of maintaining a high and stable level of employment, it will be essential that *employers* and workers should maintain moderation in wage matters . . ."

Fourth, need there really be serious disagreement *about* what happens when a government and monetary authorities are forced on to the horns of the dilemma described above; in which pay bargaining is pushing up pay rates faster than output and little surplus capacity exists? The unfortunate authorities caught in this dilemma can, broadly, do one of two things.

First, they can allow the money supply and demand to grow quickly enough for all willing workers to stay employed at the higher rate; in which case prices will rise steeply. *If then, in the next* round, pay claims are stepped up to cancel out the rise in living costs, prices will rise even faster . . . and so on.

A secondary effect will be a shift of manpower from private employers, who cannot pay the higher rates, to public authorities who can.

This, I suggest, is what happened in the U.K. in 1973 and 1974—and also to a great extent throughout the developed industrial world (for the figures see Lloyds Bank Review July 1976 p.2).

Suppose, on the other hand, the authorities bravely adopt the second alternative. Faced with an excessive rise in pay rates, they sternly refuse to let the money supply or *demand* rise fast enough for all workers to be employed at the new rate. Then unemployment must rise and output *fall*.

(*This is surely why the boom broke in the historic pre-1939* trade cycle as the gold standard and fixed exchange rates automatically cut off the money supply.)

In the next stage nowadays the inevitable result is growing unemployment, coinciding with prices still rising for some time and the *unemployment* will persist until the higher pay rates have been brought into balance again by the upswing in pay and prices in the outside world—a phase of convalescence lasting probably two or three years, and even more if home pay rates go on rising.

And this in turn is surely what has been happening to the U.K. in particular in 1975-76. It suggests that there is some truth after all in the doctrine of those traditional economists who persistently taught that the boom somehow (*why was never quite clear*) made the slump inevitable. The truth is, however, not that demand management has *failed, but that reckless cost in*flation makes it impossible. And again the 1944 White Paper itself said: "Action taken by the Government to maintain expenditure will be fruitless unless wages and prices are kept reasonably stable."

The final contemporary paradox is this. A large section of the labour force must in these circumstances stay unemployed for several years because though there is plenty of work to do, they cannot be employed at existing pay rates (including "equal pay") and so are paid rather less in social benefits to do nothing. I suspect that if the money rates of pay of everyone in this country were magically reduced by 25 per cent to-morrow, unemployment would be halved in nine months. This is also no doubt how the historical slump, though more slowly, was transformed into boom.

## Collapse

Since, however, a proposal such as that is now both unworkable and unmentionable, the path of practical wisdom for the authorities must surely be to hold back our pay *rates and cost* levels until they are again in balance with the outside world by simultaneously restricting the money supply, squeezing the budget deficit, and restraining *as far as is humanly possible the* future rise in pay rates.

This way, employment, output and real incomes can before long begin to rise because given the right exchange rate and the right pay rates, there is hardly any limit in a still expanding economic world to the rise in exports and employment which with time we can achieve. We are faced not with a collapse of capitalism, but a collapse of common sense.

Better surely to use all three levers at once rather than dispute with each other which of the three is the unique panacea. That is my case for an intellectual détente. If all or most reasonable men and women could agree on that, the question who calls himself monetarist, so-called monetarist, Keynesian, neo-Keynesian or pseudo-Keynesian, could cheerfully be left to those who enjoy playing with words.

## FARMING AND RAW MATERIALS

# Confidence on EEC skim plan

BRUSSELS, August 3.

EUROPEAN FEED manufacturers have so far contracted to buy some 250,000 tonnes of skimmed milk powder for compounding into animal feed, but there is little doubt the full 400,000 tonnes under the EEC scheme will be contracted for by the target date of October 31, industry sources here said.

They said so far only about 35,000 tonnes has actually been purchased and denatured but noted compounders will probably have until the end of March 1977 to use the powder contracted for by the end of October this year.

EEC Farm Commissioner, Mr. Pierre Lardinois, has said the scheme—designed to absorb some of the EEC's rising stocks of milk powder—will end when the 400,000 tonnes has been contracted for.

Reuter

# Russia buys beef from Australia

CANBERRA, August 3.

AUSTRALIA has negotiated a sale of 12,000 tons of boneless beef to the Soviet Union, Mr. Douglas Anthony, the Overseas Trade Minister, said, reports AP-Dow Jones.

Mr. Anthony, recently back from a visit to Moscow, would not reveal the price because, he said, of "the competitive nature of the overseas meat market."

He said the sale augured well for growth of trade between Australia and Russia despite differences on broad policy issues. He had stated in Moscow that such policy differences must not be allowed to stand in the way of trade, co-operation and understanding.

# Promotion body for tea planned

By Our Own Correspondent

COLOMBO, August 3.

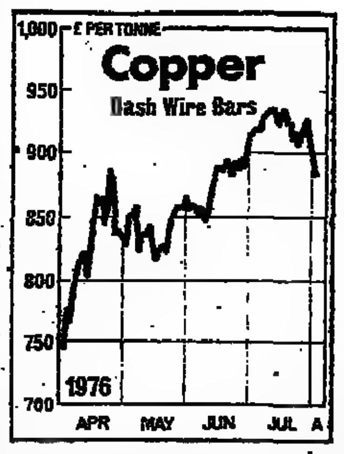
THE WORLD'S leading tea producers will meet in September or October in Geneva to establish an international tea promotion body. All producers except Kenya have agreed to pool resources for generic promotion of tea as a beverage on a global scale. The scheduled meeting will be sponsored by the International Trade Centre of UNCTAD and GATT.

# Metals lead general fall in commodity markets

BY OUR COMMODITIES STAFF

FOR THE second successive day metal prices dropped sharply on the London Metal Exchange yesterday. The drop was so severe in the morning that some of the nervousness spread to other markets and by the end of the day all the base metals, silver, sugar and rubber were lower.

In the *copper ring*, which usually sets the tone in base metals, a drop in New York values of metals and grains and soyabean markets overnight was sufficient to depress prices early on. Heavy selling was only arrested eventually by trade demand at the lower levels but this was not sufficient to prevent cash wirebars from closing £23.5 down on the day at £881 a tonne.




Similarly, fresh interests at the lower price levels reached in the tin ring, plus reports from the U.S. of substantial consumer demand for the metal, brought a rally which recovered most of the ground lost. Cash standard tin ended only £23.5 lower on the day closing at £4,671.5 a tonne. Once again there were rumours that some of the earlier buying interest may have been by the buffer stock manager of the International Tin Agreement.

Earlier losses in both the zinc and lead markets were also partially recovered by fresh buying interest. Cash lead ended the day £11.5 off at £265 a tonne while cash zinc was £6 down at £410 a tonne.

In the silver market the London spot bullion price was fixed 12.1p lower at 238p a troy ounce—its lowest price since early May, while the LME silver futures cash position closed only 5.55 down after a rally which took it up to 241p an ounce.

On the London physical rubber market the RSS No. 1 spot price closed 1p down at 45p a kilo while the terminal market went the limit down at one stage in the day. The London soyabean meal market also opened limit down, following the pattern set in Chicago overnight.

Sugar prices rallied after initial losses and although the London daily price for raw sugar was unchanged the December position on the terminal market ended £8.825 down at £167.55 a ton.

● The Reuter Commodity Index fell 18.9 points to 1,460.1 yesterday, to reach its lowest point since May 24. The index, using September 18, 1931, as a base equalling 100, recorded an all-time high of 1,586.8 on July 7 this year.

# Price rise for U.K. sugar beet

BY PETER BULLEN

SUGAR PRODUCERS *will get about £2 a tonne more on their basic price for sugar beet next year.*

The British Sugar Corporation says it has reached agreement with the National Farmers' Union on the sugar beet contract for the 1977 crop.

It adds: "There are two major new features. First the agreement is for a single price package of £20 a tonne of beet (at 16 per cent. sugar content) which is an increase of approximately £2 a tonne *over this year's* comparable figure. Second, for the farmer the agreement *effectively removes the* price variable of the 'A' and 'B' quotas."

Normally British Sugar would have bought only a limited amount of beet at the higher "A" price. Any extra would have attracted the lower "B" quota rate. But next year it will buy all beet grown up to 9m. "adjusted" tonnes (adjusted to 16 per cent. sugar) at the top price.

"This means that farmers can virtually dismiss the possibility *of some of their crop being paid* for at a lower price unless truly exceptional yields are obtained *throughout the country in 1977.*" it adds.

British Sugar also says it will accept contracts from farmers for up to 220,000 hectares of beet which compares with this year's 206,000.

Mr. John Beckett, the Corporation's chief executive, says one of the aims has been to present a straightforward contract by removing as many variables as possible.

"By agreeing in effect to buy all beet at the top price we have both removed a considerable complication from the farmer's viewpoint and promoted rapid expansion of the industry since 9m. tonnes of beet will produce sugar considerably in excess of our "A" sugar quota of 1.94m. tonnes, and take us close to our 1980 target of 1.25m. tonnes of sugar," he adds.

The £20 a tonne of beet includes the pulp allowance and any increases in the value of stocks arising from EEC price increases at July 1, 1978, or from any additional income gained because of sugar sales at prices above the U.K. intervention level. But it does not include early and late delivery bonuses, nor transport allowances. These will be based on the EEC ruling price in 1977-78. For the 1976 campaign the average transport allowance is £1.38 a tonne.

# Potato planting plans

BY OUR COMMODITIES STAFF

BRITAIN'S POTATO producers will have a general re-allocation of their basic acreage in 1977 the Potato Marketing Board announced yesterday.

They will be given the average of their allotted plantings in 1974/75/76 excluding any extra acreage granted. As next year will be a 100 per cent. quota year the changes will enable the industry to plant the target area agreed by the Government and the National Farmers' Union of 186,000 hectares (down from this year's 195,000).

As the U.K. becomes a full EEC member half-way through the 1977 maincrop season and no clear pattern of the Community potato regime has yet been decided the Ministry of Agriculture has told the Board that "it is the Government's firm intention to ensure that arrangements are such as to provide a satisfactory basis for the marketing of the home crop."

# Farm land values rise

By Our Commodities Staff

THE AVERAGE price of agricultural land sold during the three months to the end of June rose by £114 a hectare (£46 an acre) to £1,450 a hectare (£587 an acre) over the average for the previous months to the end of May the Ministry of Agriculture said yesterday.

The details of the sales of land sold with vacant posession in England and Wales are collected by the Ministry's advisory service and the Agricultural Mortgage Corporation.

When adjusted for changes in the composition of the sample the percentage increase was almost 10 per cent. "This is the largest increase recorded between two consecutive three-month periods since May, 1975," said the Ministry which interprets the rise as a sign of *increasing confidence in* agricultural investment.

The sample covered 13,500 hectares (33,400 acres) in 327 transactions, all over 10 acres. Sales of land for development or forestry, gifts, inheritances and compulsory purchases are excluded from the sample.

# New Zealand fixes wool trigger price

By Our Commodities Staff

THE NEW ZEALAND Government has announced that the "skimming" of woolgrowers' income under the stabilisation scheme would begin this season at a weighted average trigger price of 195 cents a kilo. The is 59 cents a kilo above the floor price of 136 cents a kilo an*nounced on July 16 by the New* Zealand Wool Marketing Corporation.

If prices rise above the trigger point, half of the excess will be withheld from the growers and deposited in special accounts in the growers' names. Deposits may be withdrawn at the discretion of the Minister of Agriculture if economic circumstances deteriorate.

The New Zealand Wool Board has criticised the trigger point as too low to encourage a worthwhile increase in production. The Board had advised the Government the trigger should at least be 220 cents a kilo. Mr. John Clarke, the Board's chairman estimated the trigger level would mean a drop in farmers' net incomes in real terms of about 30 per cent.

LADYBIRDS

# Useful allies in war against aphids

BY L. B. POWELL

LADYBIRDS, of which there is a population explosion this year, can be useful allies in the war on aphids, which are extremely prevalent on a wide range of crops. Prudent growers are collecting these attractive beetles and placing them on aphid-susceptible crops and plants in gardens and glasshouses.

So far, there appears to be no systematic breeding of ladybirds at any of the horticultural research stations. This might prove worthwhile, however, for they are amongst the most beneficial creatures known to man. They were responsible for one of the most dramatic examples in the history of biological control of plant pests and diseases, when they were the sole means of saving the Californian citrus fruit industry in its early days from collapse in the face of the depredations of cottony cushion scale moth.

Kerosene emulsions and other methods had proved quite ineffectual against the pest, growers were going bankrupt and land prices were plummeting until colonies of ladybirds, imported from Australia, were placed under umbrellas on infected trees, where they multiplied and spread so rapidly that the pest was soon eradicated.

Such spectacular results are not to be expected in the war on aphids, *for whereas ladybirds will* reproduce at the rate of 30 to 40 a pair during a season under favourable conditions, this is infinitesimal compared with the astronomical build-up of aphids. Thus any aid ladybirds can give will be determined largely by the numbers that can be used and by introducing them at the first sign of aphid infestation.

Their present great increase—they have been found in considerable swarms in some parts of the country—is due chiefly to *the run of mild winters encour*aging their hibernation. Last year's adults are now joined by this year's young.

In two other important directions, the war on red spider and white fly, the scourge of many crops, biological control is making substantial advances this year. Two agents are now widely used, the mite known as *phytoseiulus persimilis* which is a predator on red spider, devouring the pest and its eggs, and the small wasp, *encarcia formoca*, which parasitises the eggs of white fly by laying its own eggs in them.

According to Dr. Michael Saynor, at the Stareross, Devon, *centre of the Ministry of Agri*culture and Fisheries, approximately one third of the commercial cucumber crop is now protected by this method, while the proportion of the commercial tomato crop similarly protected is not much less.

The number of breeding centres of these predators and parasites is steadily growing, and at one such centre, Hatherley Laboratories in the University of Exeter, the price quoted is £2.95 a thousand inclusive of post and VAT. *Supplies are despatched* in capsules, and an increasing demand is reported from private gardeners as well as commercial growers.

In some cases biological control is integrated with chemical methods, using formulae which are non-toxic to the predators and parasites, but where no chemical methods are used the savings in time and money are substantial. The Agricultural Advisory Service gives guidance on formulations that are safe to use.

# Cocoa and coffee bounce back

BY RICHARD MOONEY

COCOA AND coffee prices on the London terminal markets displayed a similar pattern yesterday—falling quite sharply in early dealings only to recover later in the day. December *cocoa slipped to £1,091 a tonne* at one stage before closing £2.25 down on the day at £1,114.75 a tonne. November coffee ended the day £7.5 higher at £1,448 a tonne after reaching £1,419 in the morning.

Cocoa dealers blamed the fall on "bearish" chart trends and the absence of any significant fundamental news. But with producer sellers withdrawing from the market at the lower levels some profit-taking took place and this in turn touched off stop-loss orders, sending prices back up to opening levels by the close.

The latest cocoa market report by brokers, Paterson, Simons and Ewart, published to-day, predicts a small deficit in world production compared with consumption in 1975-76. This would tend to agree with the forecast published by the International Cocoa Organisation last week, indicating an 11,000 tonnes shortfall. The Paterson, Simons report stresses the "vital importance" *that no reduction should occur* in 1976-77 West African and Brazilian crops because of the continuing low stocks position, but comments, "there can be no certainty that this will be the case."

## Increase

The erratic performance of the coffee market yesterday was generally attributed to extreme volatility in very thin trading conditions. One dealer said the situation was also partly due to a shortage of coffee for delivery against nearby positions particularly in New York.

The effect of last July's Brazilian crop disaster on British coffee importing patterns has been revealed by the latest Customs and Excise returns. These show that U.K. imports of African robusta coffee rose sharply during the first half of this year, to fill the gap left by the ending of sales agreements between Brazil and U.K. roasters.

*Imports from Brazil fell to* 1,501 tonnes from 15,909 in the same period of 1975. The greatest increase in shipments came from Uganda with 15,928 tonnes, against 10,080, followed by the Cameroons, 1,775 tonnes (nil), Zaire 714 tonnes (12) and the Ivory Coast 3,908 tonnes (1,473).

● The International Coffee Organisation has announced that at the closing date on July 31 the new International Coffee Agreement, which is to come into force on October 1, had been signed by 62 Governments representing 39 exporting and 23 importing countries.

The only members of the 1968 agreement not to sign were Congo and Madagascar (exporters) and Cyprus and Czechoslovakia (importers).

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

It was a volatile day in base metal markets on the London Metal Exchange with prices falling sharply in morning dealings before subsequently recovering strongly. The early sell-off followed the setback in U.S. markets overnight which stemmed from the grain and soyabean markets and spilled over into metals. Here, Copper opened lower at £919 in the pre-market but was buoyed up to £924 by fresh interest before falling afresh to £909 owing to chartist, stale-bull and stop-loss selling. Increasing trade demand was reported at the lower levels, however, and when Comex started to move ahead after a hesitant opening prices here followed and forward metal picked up to end at £920 on the afternoon Kerb. Turnover, 21,325 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £877, 78, 77.5; three months £910, 18, 17, 16, 15, 14, 13, 12, 11, 12, 10, 11, 10, 09. Cathodes, cash £864; three months £897. Kerb: Three months £909, 10, 11, 12, 13, 14, 14.5. Cathodes, three months £898. Afternoon: Wirebars, three months £913, 12, 13, 14, 15, 14, 13.5. Cathodes: Three months £903.5, 4.5, 05, 04.5. Kerb: Three months £913, 19, 20, 19, 13, 17, 18.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 876-7 | —52 | 880.5-1.5 | —23.5 |
| 3 months | 907.5-8.5 | —35.5 | 913.5-4 | —24.5 |
| Settlem't | 877 | —52 | | |
| Cathodes | | | | |
| Cash | 864-5 | —50 | 872.5 | —20.5 |
| 3 months | 895-6 | —34 | 904.5 | —22.5 |
| Settlem't | 865 | —50 | | |
| U.S. Smt. | — | | 974 | |

TIN—Little changed on balance. The decline in Penang overnight and the sell-off in other metals took prices lower from the outset with forward standard metal trading down to £4,620 before the downward movement was arrested by fresh interest. [illegible]

[illegible]

## COCOA

[illegible]

## COFFEE

[illegible]

## RUBBER

[illegible]

## SILVER

Silver was fixed 12.1p an ounce lower for spot delivery in the London bullion market yesterday at 238p. [illegible]

## FREIGHTS

DRY CARGO—[illegible]

## GRAINS

[illegible]

## SOYABEAN MEAL

[illegible]

## SUGAR

[illegible]

## WOOL FUTURES

[illegible]

## JUTE

[illegible]

## COTTON

[illegible]

## PALM OIL

[illegible]

## MEAT/VEGETABLES

[illegible]

## PRICE CHANGES

Prices per ton unless otherwise stated

| | Aug. 3 1976 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £526.5 | | £456 |
| Free Market | $850-870 | | $820-845 |
| [illegible] | | | |

## FINANCIAL TIMES

[illegible]

## REUTER'S

[illegible]

## DOW JONES

[illegible]

## MOODY'S

[illegible]

## U.S. Markets

# Gold rallies but silver, copper fall

NEW YORK, Aug. 3.

PRECIOUS metals exhibited divergent trends as silver and platinum eased on renewed speculative liquidation and gold rallied on European arbitrage buying. Copper, coffee and sugar slid under the weight of Commission House selling, while trade buying bolstered cocoa futures. Following the weakness of recent days, grain futures and soyabeans reversed to close higher on speculative buying and short-covering, Bache reports.

[illegible]

# STOCK EXCHANGE REPORT

# Recovery continues but trade remains disappointing

## Share index 1.3 higher at 368.4—Borthwick at 11 discount

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| July 26 | Aug. 5 | Aug. 6 | Aug. 17 |
| Aug. 9 | Aug. 19 | Aug. 20 | Sep. 1 |
| Aug. 23 | Sept. 2 | Sept. 3 | Sept. 14 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity markets took Monday's technical rally a little further yesterday. The encouraging CBI survey on the economic outlook helped towards the underlying firm trend, but had little real impact on sentiment. Leading equities were again noteworthy for a marked lack of investment activity. Nevertheless, prices made fresh headway on scattered demand before easing back to close with small gains on balance. Up 2.6 at its best of the day at 1 p.m., the FT 30-share index closed a net 1.3p up on the day at 368.4. Elsewhere, Thomas Borthwick made quite a lively debut, despite the abysmal response to the issue, opening at 65p compared with the issue price of 80p before rallying to 70p and closing at 69p.

Although there was slightly more speculative activity taking place, which probably accounted for the modest increase in markings of 4,590 compared with Monday's level of 4,105, 74 per cent. of FT-quoted Industrials ended unchanged on the day, and rises and falls among the rest were evenly balanced at 13 per cent. Overall, however, the trend was to higher levels and the FT-Actuaries All-Share index improved one per cent. to 151.96.

### Gilts edge up late

Despite a slight improvement of 25 cents to $112.125 in the price of bullion, Gold Mining issues met scattered selling and the Gold Mines index closed 2.6 down at a new "low" for the year of 107.9.

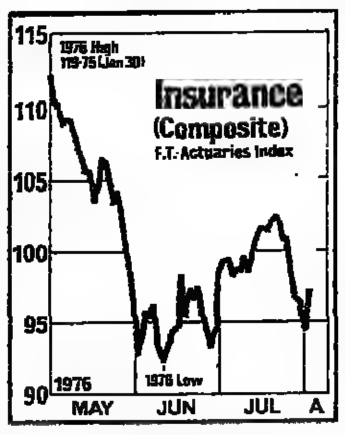
It was late in the day that Gilt-edged made some slight progress and only then following talk of a pending relaxation of the currently tight conditions in money markets. Beforehand, sentiment had failed to respond to the encouraging Confederation of British Industry industrial survey and the overnight small reduction in U.S. Treasury bill rates. The paucity of business was an inhibiting influence at both ends of the market. Although the shorts closed slightly mixed and the medium-longs unchanged, all quotations were edging a maximum of ¼ higher in the after-hours' business. In an unsuccessful effort to promote interest, Southern Rhodesian bonds were lowered, the 6 per cent., 1978 81, stock by 3 points to £39.

### Hogg Robinson advance

Renewed institutional demand was well met by offerings and the investment currency premium, after easing slightly to 100 per cent., reverted to the overnight rate of 100½ per cent. Yesterday's SE conversion factor was 0.7274 (0.7234).

Following the offer-for-sale at 80p which resulted in 98.4 per cent. of the issue being left with the underwriters, Thomas Borthwick, the international meat traders, opened in first-time dealings yesterday at 65p, a discount of 15p on the issue price; a reasonable business ensued and the 50p shares picked up to 70p before closing at 69p, buyers being attracted by the high yield. Elsewhere in Recent issues, Hambro Life Assurance, 210p, and Molins, 106p, recovered 2 apiece, but Tolux SA declined 4 to 101p.

Hogg Robinson featured a quietly firm Insurance sector with an advance of 7 at 153p, reflecting the good results and forecast jump in dividend with the favourably priced "rights" offer. Other Lloyd's brokers improved in sympathy, with Matthews Wrightson gaining 4 at 174p. Among Composites, Sun Alliance moved ahead 12 to 393p, while gains of around 5 were seen in Guardian Royal Exchange, 182p, General Accident, 151p, and Phoenix, 202p.




Buying interest arose for the home Banks, which saw a somewhat livelier day. National Westminster, 212p, and the new nil-paid, 21p premium, after 23p premium, recorded net improvements of 4 apiece, while Midland recovered a similar amount to 257p. Barclays, however, lost an initial rise of 5 to close unchanged on the day at 255p, while Lloyds finished only a penny harder at 198p, after 200p. Still on the granting of High Court approval for the Scheme to effect the change of residence to Australia, Australia and New Zealand Banking gained 8 more at 475p to make a two-day rise of 20. Overseas issues were otherwise only notable for National Bank of Australasia, 3 higher at 290p. Discount Houses mainly held quietly steady, although Alexanders were 3 cheaper at 185p and King and Shaxson lost 2 to 40p. Merchant Banks hardly stirred.

In relation to the recent low level of business, Breweries enjoyed a reasonably active day's trading. Bass stood out in the leaders with a rise of 3 at 100p, while others to encounter support included Allied, 68p, and Scottish and Newcastle, 55½p, both around 2 firmer. Secondary issues, however, were usually easier, where altered. Vaux gave up 4 to 283p and Boddingtons 2 to 102p.

Interest in buildings was small and selective. BPB Industries moved up 5 to 125p, while Marley, 77p, Redland, 87p, and Tarmac, 138p, all closed 2 harder. Press comment directed fresh attention to SGB, which moved up a penny to 72p. UBM continued firmly, rising 1½ more to 46p for a two-day gain of 5½, while A. P. Cement gained 3 to 154p.

After touching 352p, ICI reacted to close a penny cheaper on balance at 350p. Elsewhere in Chemicals, Yorkshire, at 117p, recouped 3 of the previous day's fall of 4; the interim report is expected on Friday.

### Vantona easier

After improving to 92p ahead of the interim report, Vantona reacted to close 3 cheaper on balance at 86p despite the increased interim dividend and sharply higher first-half profits. Wearwell remained on offer, losing a penny more to 18p for a two-day loss of 4. Marks and Spencer hardened a penny to 100p, while British Home Stores, 155p, Debenhams, 79p, and "Gussies" "A," 183p, all closed 2 better. Lee Cooper moved up 4 to 132p in a thin market, while Newsagencies had firm spots in W. H. Smith "A," 344p, and J. Menzies, 135p, both up 2. Mail Orders were idle and featureless.

Activity in the Electrical leaders remained at a low ebb and prices tended to lose marginal early gains. Secondary issues also stirred only slightly. Chloride, 111p, and Lec Refrigeration, 53p, and Petbow, 152p, all hardened 2, while the increased profits left Best and May a penny firmer at 45p.

Looking firmer for most of the day, the Engineering leaders eased in common with other majors, reportedly on a market technical situation. GKN closed 2 better at 311p, after 313p, but Tube Investments, 314p, and Hawker, 410p, both ended unaltered after having been 2 or so higher. Weyburn proved the exception and rose 12 to 350p on a revived investment demand in a thin market, while Blackwood Hodge gained 4 to 118p and Matthew Hall 3 to 90p. Westland, 35p, and Capper-Neill, 56p, found support, improving about 2 apiece, along with CompAir, at 70p. Of the few casualties, Turriff lost 3 to 66p and W. G. Allen 2 to 34p. Cronite made a low for the year of 27½p, down 1½p. Elsewhere, news of the major acquisition made little impact on McKechnie Bros., just a shade firmer at 66p.

Among quiet Foods, RHM hardened 1½ to 41½p and J. Sainsbury moved up 2 to 134p, Tate and Lyle, at 233p, recouped 3 of the fall which followed the offer for Manbre and Garton which were unchanged at 164p. Press comment directed attention to F. J. Wallis, which closed 2 better at 36p, while further consideration of the chairman's statement took Geo. Bassett up a like amount to 60p. Rowntree Mackintosh were also firmer, the Ordinary and the new nil-paid shares both finishing 3 harder at 203p and 25p premium respectively. Supermarkets were noteworthy only for a rise of 4 to 108p in Kwik Save Discount. Hotels and Caterers edged higher, Savoy "A" ending a penny firmer at 28p and Grand Metropolitan finishing 1½ better at 64p. Adda International, however, shaded 1½ to 11½p.

### Letraset improve

Miscellaneous Industrial leaders moved narrowly in further slack trading. Reed International hardened 3 to 224p and the new nil-paid 2 to 23p premium. Letraset improved 4 to 74p in response to the more-than-doubled profits, while Royal Sovereign, on the bid situation, moved up 4 to 52p. News of the intended bid of 53p cash from Newman Industries, unchanged at 30p, lifted Alfred Clough 6 to 53p. Press suggestions that a new bidder may emerge for the shares now that the talks with Lesney have been called off brought a gain of 1½ at 39½p, after 41p, in MY Dart. James Warren met support and rose 6 to 72p, while Winsor and Newton put on 4 to 77p and Peter Black, on the increased profits, added a penny at 72p.

Motors and Distributors spent another quiet session. Lucas Industries were finally unchanged at 206p, after 208p, but Rolls-Royce, 56p, and Dowty, 148p, put on 2 and 3 respectively. York Trailer rallied 1 to 25 ahead of to-day's interim statement. Garages had an easier bias: Adams and Gibbon eased 3 to 55p on the first-half profits setback, while Peterborough, 30p, and Caffyns, 70p, shed 2 apiece.

Revived investment support, probably based on the company's recovery prospects, took DRG up to 107p before a close of 106p, a rise of 4 on the day. John Waddington hardened 2 to 104p, but there was little else of note in Paper/Printings. The absence of any follow-through to Monday's demand caused Beaverbrook "A" to ease slightly to 28p, while other Newspapers improved a penny or so. Morgan Grampian, in Publishers, rebounded in a narrow market to close 6 higher at 86p.

### Cap. & Counties firm

After edging forward a little in the early stages, the Property leaders slipped back to finish mainly unchanged on balance following another thin trade, as in Land Securities, 155p, after 157p, English Property, 49½p, after 50½p, and MEPC, 70p, after 71p. Capital and Counties, however, held an improvement of 1½ at 14½p awaiting Friday's annual results. Elsewhere, fresh speculative support on take-over hopes left Peachey Property 1½ higher at 51p, while Property Security Investment Trust, following the less severe loss for the year, hardened similarly to 56p. Law Land, 51p, also gained 1½, while Churchbury Estates put on 3 to 131p, but Imry Property, 180p, relinquished 3 more of the recent speculative rise. The South African Sorec, shed another 3 to 38p, still on the reduced profits, while higher earnings failed to help the Australian Lend Lease, 2 easier at 285p.

Oils marked time in a slow trade before drifting off in places. Shell, 422p, and Ultramar, 126p, both shed 2, but British Petroleum, 373p, and Burmah, 41p, remained at their overnight levels. Overseas influences took Royal Dutch marginally lower to £36, down ¼, while Siebens (U.K.) dipped 20 more to 150p, thus cancelling all of last Friday's rise which followed news of the North Sea deal with Marathon Oil. Among other overseas issues, Woodside-Burmah picked up 2 to 96p.

Gill and Duffus, 163p, and Inchcape, 378p, managed improvements of 3 in little-changed Overseas Traders, where James Finlay were unmoved at 128p despite the chairman's encouraging statement. M. and G. Holdings stood out at 82p, down 11, in Trusts, and Financials as stockjobbers marked the price lower in order to establish a trading basis. Elsewhere, movements were usually restricted to a penny or so either way. Grimshawe, however, moved up 3 to 18p, while London Merchant finished 1½ harder at 29½p and Chaddesley closed a penny better at 18½p. Overseas issues made progress, Selected Risk Investment rising 25 to 435p and Mass. Mortgage and Realty improving 35 to 875p.

Shippings had little to commend them. Reardon Smith hardened 3 to 200p, while Furness Withy, 173p, and Ocean Transport, 134p, put on a penny apiece.

Textile features were non-existent. Courtaulds finally slipped the turn to 120p and Tern-Consulate established a fresh low for the year of 14p, down 1. John Crowther, on the other hand, recovered 1 to 28p and Wood Bastow were a like amount harder at 68p.

Tobaccos, by comparison, were a shade more active but small early improvements often failed to hold, BATs Deferred closing unchanged, at 207p, after 210p. Imps gained ½ to 73p.

South African Industrials continued in easier vein. Abercom Investments declined 7 to 133p, while Greatermans "A," 173p, Hulett's Corporation, 125p, and Tiger Oats, 395p, all closed 10 cheaper.

Blantyre, 3 higher at 180p, provided the only movement of any significance in idle Plantations.

### Golds down again

South African Gold shares lost ground for the fourth consecutive trading day, despite the modest rise in the bullion price, which was finally 25 cents higher at $112.125 per ounce.

With business continuing at minimal levels, shares drifted easier reflecting overnight [illegible] in the U.S. and drifted [illegible] owing to modest local and Continental offerings. The Gold Mines index receded 2.6 more to 107.9, its lowest since March 1973.

In the heavyweights [illegible] Randfontein fell a half-point to £14¾ while West Driefontein (£14¾) and Western Holdings (£13) were both ½ lower. [illegible]heest dropped 60 to 500p among the marginal stocks, [illegible]ruis lost 15 to 190p.

The dullness of Golds [illegible] over to Financials which drifted in idle trading. [illegible] and General Mining were [illegible] half-point down at 975p [illegible] respectively and Rand Selection fell 10 to a year's low of [illegible].

The London-based Financials were barely changed, as [illegible] Platinums. Coppers, however, moved lower following the [illegible] fall in the metal price. Both RST lost 3 to 50p and [illegible] gave up 10 to 205p. Tins [illegible] untested.

With the exception of BH South which rose 5 to 220p, Australians continued to lose ground in response to the easier trend in overnight markets in Sydney and Melbourne and reflecting the [illegible] in base metal prices here. [illegible] affecting sentiment was [illegible] further modest decline in the investment dollar premium, [illegible] recovered.

In Uraniums, Pancontinental were ½ off at £13½ while [illegible] Wallsend eased 5 to 570p. [illegible] stocks, which have gained considerable ground of late on [illegible] that the coal export levy was abolished in the August Federal Budget, were easier [illegible] Thiess being 9 down at 255p, Oakbridge 2 lower at 105p.

## FINANCIAL TIMES STOCK INDICES

| | Aug. 3 | Aug. 2 | July 30 | July 29 | July 28 | July 27 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 61.87 | 61.90 | 61.97 | 62.03 | 62.05 | 61.81 | 60.67 |
| Fixed Interest | 61.40 | 61.37 | 61.66 | 61.57 | 61.49 | 61.46 | 60.29 |
| Industrial Ordinary | 368.4 | 367.1 | 365.9 | 371.5 | 375.4 | 372.7 | [illegible] |
| Gold Mines | 107.9 | 110.5 | 115.7 | 115.9 | 123.7 | 121.1 | [illegible] |
| Ord. Div. Yield | 6.01 | 6.02 | 6.02 | 5.93 | 5.88 | 5.91 | [illegible] |
| Earnings Yld % (full) | 17.48 | 17.51 | 17.53 | 17.27 | 17.21 | 17.32 | [illegible] |
| P/E Ratio (net) | 8.47 | 8.46 | 8.45 | 8.50 | 8.58 | 8.57 | [illegible] |
| Dealings marked | 4,590 | 4,105 | 4,095 | 3,909 | 4,089 | 4,374 | [illegible] |
| Equity turnover £m | — | 29.86 | 43.21 | 35.89 | 39.95 | 40.25 | [illegible] |
| Equity bargains total | — | 10,603 | 10,049 | 9,609 | 9,042 | 10,206 | [illegible] |

10 a.m. 367.1 [illegible]

Latest Index 01-246 8026.

[illegible] Based on 52 per cent. corporation tax. [illegible]

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 65.21 | 60.19 | 127.4 | 49.18 |
| Fixed Int. | 64.45 | 59.75 | 150.4 | 50.53 |
| Ind. Ord. | 420.8 | 364.7 | 543.6 | 49.4 |
| Gold Mines | 246.9 | 107.9 | 442.3 | 43.5 |

### S.E. ACTIVITY

| | Aug. 3 | Aug. 2 |
|---|---|---|
| Daily | | |
| Gilt Edged | 162.1 | [illegible] |
| Industrials | 142.8 | [illegible] |
| Speculative | 40.9 | [illegible] |
| Totals | 104.3 | [illegible] |
| 5-day Average | | |
| Gilt Edged | 144.1 | [illegible] |
| Industrials | 131.1 | [illegible] |
| Speculative | 34.9 | [illegible] |
| Totals | 84.6 | [illegible] |

# F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

Figures in parentheses show number of stocks per section

| | EQUITY GROUPS — GROUPS & SUB-SECTIONS | Tue. Aug. 3 Index No. | Day's Change % | Est. Earnings Yield % (Max.) (Corp. Tax 52%) | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (net) (Corp. Tax 52%) | Est. P/E Ratio (nil) (Corp. Tax 52%) | Mon. Aug. 2 Index No. | Fri. July 30 Index No. | Thurs. July 29 Index No. | Wed. July 28 Index No. | Year ago (approx.) Index No. | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (179) | 159.06 | -1.4 | 17.63 | 6.57 | 8.55 | 8.47 | 157.08 | 157.46 | 159.71 | 140.71 | 104.64 | 160.06 (21/4) | 137.08 (2/8) | 206.57 (4/5/72) | 50.17 (13/12/74) |
| 2 | Building Materials (30) | 121.64 | -1.7 | 16.32 | 7.60 | 9.29 | 9.29 | 119.62 | 119.67 | 121.76 | 122.64 | 88.26 | 150.16 (15/1) | 119.57 (30/7) | 255.84 (2/5/72) | 44.27 (11/12/74) |
| 3 | Contracting, Construction (23) | 179.84 | -1.0 | 21.42 | 6.14 | 7.57 | 7.57 | 177.78 | 177.52 | 180.84 | 181.05 | 180.39 | 260.20 (15/1) | 177.52 (30/7) | 389.55 (18/5/72) | 71.48 (2/12/74) |
| 4 | Electricals (16) | 258.45 | -2.4 | 17.10 | 5.13 | 8.75 | 8.51 | 252.41 | 252.34 | 259.30 | 261.45 | 201.65 | 287.50 (21/4) | 245.72 (2/8) | 350.04 (4/5/72) | 86.71 (25/6/62) |
| 5 | Engineering (Heavy) (13) | 169.76 | -1.3 | 23.72 | 7.23 | 6.57 | 6.57 | 167.65 | 169.26 | 171.59 | 173.77 | 123.04 | 193.18 (3/5) | 161.88 (2/8) | 209.57 (8/5/74) | 94.45 (1/2/76) |
| 6 | Engineering (General) (63) | 130.57 | -1.0 | 17.94 | 6.88 | 8.28 | 8.28 | 129.11 | 129.89 | 131.00 | 131.79 | 91.36 | 149.29 (5/5) | 128.48 (2/1) | 166.59 (4/5/72) | 45.14 (6/1/75) |
| 7 | Machine and Other Tools (9) | 57.61 | -0.4 | 18.29 | 7.69 | 8.26 | 8.24 | 57.55 | 57.69 | 57.78 | 58.55 | 38.01 | 60.62 (5/5) | 51.19 (5/1) | 156.70 (4/7/66) | 19.95 (17/12/74) |
| 8 | Miscellaneous (25) | 125.60 | -0.7 | 14.93 | 6.97 | 10.10 | 9.80 | 124.71 | 125.47 | 127.01 | 128.48 | 93.19 | 141.94 (11/5) | 121.55 (2/1) | 177.41 (27/4/72) | 49.65 (6/1/75) |
| 9 | CONSUMER GOODS (DURABLE) (33) | 120.74 | -1.1 | 17.64 | 5.09 | 8.48 | 8.45 | 119.37 | 119.86 | 121.46 | 122.29 | 80.55 | 141.46 (21/4) | 116.86 (2/6) | 227.78 (21/4/72) | 38.39 (6/1/75) |
| 10 | Lt. Electronics, Radio TV (15) | 151.48 | -1.6 | 16.32 | 4.38 | 9.05 | 9.02 | 129.46 | 130.25 | 151.60 | 152.59 | 93.72 | 160.36 (7/4) | 128.75 (2/8) | 287.41 (19/5/72) | 42.85 (12/12/74) |
| 11 | Household Goods (13) | 152.93 | -0.2 | 19.18 | 7.65 | 7.95 | 7.91 | 152.63 | 153.27 | 153.38 | 155.37 | 123.28 | 187.22 (7/4) | 152.53 (3/8) | 265.32 (4/5/72) | 63.92 (17/12/74) |
| 12 | Motors and Distributors (25) | 77.54 | -0.9 | 19.04 | 6.85 | 7.95 | 7.92 | 76.87 | 76.96 | 78.64 | 78.94 | 42.52 | 85.16 (5/5) | 70.05 (6/1) | 170.59 (15/1/69) | 19.91 (6/1/75) |
| 13 | CONSUMER GOODS (NON-DURABLE) (168) | 141.25 | -1.1 | 15.51 | 6.76 | 9.88 | 9.74 | 139.65 | 141.01 | 143.12 | 144.12 | 117.34 | 162.24 (4/5) | 138.95 (2/6) | 226.08 (16/7/72) | 61.41 (13/12/74) |
| 14 | Breweries (15) | 160.65 | -1.9 | 14.69 | 7.09 | 10.19 | 10.19 | 157.72 | 159.37 | 162.76 | 164.09 | 130.82 | 179.45 (2/2) | 147.99 (2/6) | 281.87 (25/11/72) | 69.47 (13/12/74) |
| 15 | Wines and Spirits (7) | 160.02 | -1.0 | 14.67 | 6.82 | 10.44 | 10.44 | 158.39 | 158.51 | 160.75 | 161.90 | 138.08 | 190.67 (6/5) | 156.39 (2/6) | 257.40 (13/7/72) | 78.71 (13/12/74) |
| 16 | Entertainment, Catering (14) | 167.78 | -1.0 | 14.48 | 7.93 | 10.68 | 10.59 | 166.18 | 166.13 | 171.12 | 171.73 | 134.21 | 211.26 (8/5) | 156.17 (3/6) | 329.99 (12/12/72) | 54.87 (19/7/74) |
| 17 | Food Manufacturing (22) | 154.64 | -0.8 | 17.09 | 5.71 | 8.91 | 8.84 | 153.38 | 154.47 | 156.76 | 157.62 | 124.89 | 179.44 (11/5) | 153.38 (3/6) | 211.66 (1/5/72) | 59.78 (11/12/74) |
| 18 | Food Retailing (18) | 130.80 | -2.4 | 13.59 | 5.96 | 10.76 | 10.76 | 127.87 | 128.06 | 130.21 | 129.68 | 116.02 | 160.05 (12/1) | 126.86 (2/8) | 235.08 (16/5/72) | 54.25 (11/12/74) |
| 19 | Newspapers, Publishing (16) | 175.31 | -0.5 | 14.05 | 5.98 | 10.95 | 10.95 | 174.45 | 174.57 | 176.26 | 178.24 | 115.92 | 184.54 (11/5) | 157.01 (2/6) | 250.29 (12/1/72) | 55.08 (6/1/75) |
| 20 | Packaging and Paper (12) | 98.09 | -1.6 | 16.66 | 7.71 | 9.25 | 9.23 | 96.50 | 96.54 | 97.76 | 99.06 | 79.13 | 118.50 (26/2) | 94.92 (2/8) | 155.89 (3/4/72) | 43.46 (6/1/75) |
| 21 | Stores (34) | 116.53 | -1.2 | 15.19 | 6.00 | 11.68 | 11.65 | 115.11 | 115.93 | 117.35 | 118.05 | 101.21 | 135.24 (2/2) | 115.17 (2/8) | 204.39 (16/3/72) | 52.63 (6/1/75) |
| 22 | Textiles (23) | 140.75 | -0.4 | 11.14 | 5.16 | 12.97 | 10.65 | 140.21 | 139.85 | 140.96 | 143.62 | 119.66 | 165.19 (30/1) | 139.85 (30/7) | 263.72 (17/3/69) | 62.66 (11/12/74) |
| 23 | Tobaccos (3) | 209.55 | -1.0 | 20.38 | 8.25 | 7.57 | 7.57 | 207.38 | 215.33 | 218.56 | 220.13 | 174.49 | 241.89 (3/5) | 207.58 (2/8) | 359.16 (2/8/72) | 94.34 (13/6/62) |
| 24 | Toys and Games (6) | 74.11 | -0.8 | 20.36 | 6.06 | 6.56 | 6.55 | 75.51 | 75.61 | 74.31 | 74.66 | 41.56 | 80.95 (18/7) | 59.13 (22/1) | 135.72 (16/1/70) | 20.92 (6/1/75) |
| | OTHER GROUPS (96) | | | | | | | | | | | | | | | |
| 25 | Chemicals (26) | 206.02 | -0.8 | 12.29 | 5.50 | 11.40 | 11.40 | 204.29 | 205.95 | 207.60 | 210.39 | 155.61 | 231.58 (3/5) | 199.46 (6/1) | 231.58 (3/5/76) | 71.20 (1/12/74) |
| 26 | Office Equipment (6) | 88.95 | -1.2 | 13.15 | 5.65 | 11.21 | 11.21 | 87.92 | 88.13 | 89.27 | 89.75 | 69.75 | 100.15 (19/5) | 85.09 (2/1) | 246.06 (1/9/72) | 45.34 (2/1/75) |
| 27 | Shipping (12) | 371.95 | -0.9 | 13.59 | 6.92 | 10.84 | 9.85 | 368.60 | 368.61 | 373.96 | 380.18 | 324.76 | 452.64 (30/1) | 355.52 (19/3) | 517.00 (5/12/72) | 90.80 (29/6/62) |
| 28 | Miscellaneous (49) | 148.10 | -1.4 | 14.88 | 7.72 | 10.02 | 10.01 | 146.05 | 146.89 | 148.47 | 149.18 | 119.54 | 172.98 (21/4) | 146.05 (2/6) | 258.83 (2/6/72) | 60.39 (6/1/75) |
| 29 | INDUSTRIAL GROUP (496) | 146.01 | -1.2 | 15.40 | 6.52 | 9.69 | 9.59 | 144.31 | 145.27 | 147.29 | 148.47 | 115.30 | 165.36 (5/5) | 143.66 (2/6) | 220.17 (1/5/76) | 59.01 (13/12/74) |
| 30 | OILS (4) | 347.57 | -0.2 | 12.31 | 4.72 | 9.39 | 8.69 | 348.41 | 348.15 | 349.08 | 351.50 | 266.77 | 398.64 (20/5) | 331.54 (16/2) | 451.66 (29/5/69) | 87.25 (29/5/62) |
| 31 | 500 SHARE INDEX | 162.61 | -1.0 | 14.91 | 6.25 | 9.64 | 9.45 | 161.07 | 161.66 | 163.92 | 165.20 | 127.25 | 183.00 (3/5) | 161.07 (2/8) | 227.96 (16/8/73) | 63.49 (13/12/74) |
| 32 | FINANCIAL GROUP (100) | 122.21 | -1.5 | — | 6.25 | | | 120.37 | 121.42 | 125.18 | 124.25 | 112.79 | 138.46 (2/1) | 116.54 (2/6) | 241.41 (1/4/72) | 55.88 (13/12/74) |
| 33 | Banks (6) | 143.79 | -1.0 | 23.59 | 6.58 | 6.58 | 6.58 | 142.42 | 143.14 | 146.31 | 149.07 | 128.71 | 192.16 (30/1) | 149.42 (2/8) | 288.32 (30/7/72) | 62.44 (12/12/74) |
| 34 | Discount Houses (10) | 145.02 | -0.7 | | 9.54 | — | — | 146.12 | 146.11 | 145.53 | 147.03 | 138.09 | 186.52 (13/1) | 145.02 (3/8) | 393.13 (2/7/72) | 81.40 (10/12/74) |
| 35 | Hire Purchase (5) | 83.93 | | — | 7.74 | — | — | 85.93 | 85.44 | 84.19 | 85.91 | 88.30 | 152.10 (2/2) | 83.44 (30/7) | 433.72 (4/5/72) | 38.83 (11/12/74) |
| 36 | Insurance (Life) (10) | 101.42 | -1.5 | — | 7.04 | — | — | 99.90 | 101.18 | 102.76 | 102.88 | 96.67 | 129.46 (30/1) | 95.91 (2/6) | 194.46 (15/3/72) | 44.88 (2/1/75) |
| 37 | Insurance (Composite) (7) | 97.13 | -3.1 | | 7.23 | | | 94.24 | 95.20 | 96.16 | 96.39 | 95.35 | 119.75 (30/1) | 92.03 (10/6) | 155.76 (21/4/72) | 43.96 (13/12/74) |
| 38 | Insurance Brokers (9) | 226.95 | -1.5 | 10.87 | 4.89 | 13.59 | 13.59 | 224.00 | 225.87 | 229.90 | 231.46 | 181.75 | 276.90 (11/5) | 218.26 (6/1) | 276.90 (11/5/76) | 65.86 (16/12/74) |
| 39 | Merchant Banks (16) | 70.10 | -0.3 | — | 7.97 | | — | 69.89 | 70.43 | 71.88 | 72.50 | 78.65 | 93.83 (27/1) | 69.72 (2/6) | 276.57 (1/5/72) | 31.21 (7/1/75) |
| 40 | Property (32) | 163.71 | -1.2 | 3.75 | 3.53 | 49.83 | 47.32 | 161.72 | 163.81 | 165.16 | 166.12 | 138.74 | 194.57 (30/1) | 144.37 (2/6) | 357.40 (9/11/73) | 56.01 (20/4/65) |
| 41 | Miscellaneous (6) | 72.00 | -1.2 | 17.80 | 5.68 | 6.68 | 6.68 | 72.90 | 73.58 | 73.70 | 73.12 | 64.27 | 91.98 | 68.44 | 303.13 | 33.29 (17/12/74) |
| 42 | Investment Trusts (50) | 143.20 | -0.4 | 3.73 | 5.29 | 27.82 | 27.82 | 142.58 | 144.13 | 145.65 | 145.89 | 141.76 | [illegible] | [illegible] | [illegible] | 71.65 (15/12/74) |
| 49 | ALL-SHARE INDEX (630) | 151.96 | -1.0 | | 6.19 | | | 150.42 | 151.37 | 153.25 | 154.42 | 124.16 | 174.54 | 150.42 | 228.16 | 61.92 (13/12/74) |
| | COMMODITY GROUPS (Not included in 500 or All-Share indices) | | | | | | | | | | | | | | | |
| 44 | Rubbers (8) | 467.14 | — | 9.70 | 6.00 | 15.04 | 13.74 | 467.14 | 467.14 | 469.02 | 472.27 | 398.70 | 523.40 | 404.67 | 555.57 | 84.68 (25/8/65) |
| 45 | Teas (5) | 140.22 | — | 30.05 | 8.85 | 4.52 | 4.36 | 140.22 | 140.99 | 140.71 | 139.66 | 101.29 | 142.43 | 117.89 | 142.45 | 59.72 (17/10/74) |
| 46 | Coppers (3) | 193.89 | -1.4 | 51.10 | 5.89 | 1.96 | 1.96 | 196.31 | 192.38 | 206.00 | 214.59 | 350.93 | [illegible] | [illegible] | 667.78 | 94.08 (23/4/62) |
| 47 | Mining Finance (11) | 92.04 | -0.5 | 11.33 | 5.45 | 9.93 | 9.86 | 92.48 | 93.42 | 94.12 | 96.02 | 122.24 | 119.77 | 88.18 | 173.90 | 66.31 (30/3/74) |
| 48 | Tins (7) | 115.48 | -0.1 | 13.57 | 6.59 | 11.07 | 11.02 | 115.58 | 114.83 | 116.46 | 116.40 | [illegible] | [illegible] | [illegible] | [illegible] | 54.83 (27/5/71) |
| 49 | Overseas Traders (13) | 209.88 | 0.4 | 16.22 | 4.63 | 8.01 | 7.99 | 208.94 | *209.46 | 214.99 | 216.71 | 200.62 | [illegible] | [illegible] | [illegible] | 97.57 (6/1/75) |

| | FIXED INTEREST | Tue. Aug. 3 Index No. | Yield % | Mon. Aug. 2 | Fri. July 30 | Thurs. July 29 | Wed. July 28 | Tue. July 27 | Mon. July 26 | Fri. July 23 | Year ago (approx.) | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Consols 2½% yield | — | 14.14 | 14.14 | 14.12 | 14.12 | 14.11 | 14.11 | 14.10 | 13.99 | 13.95 | | | | — |
| 2 | 20-yr. Govt. Stocks (6) | 48.18 | 13.49 | 48.19 | 48.33 | 48.50 | 48.52 | 48.55 | 48.15 | 48.84 | 50.66 | 52.45 | 47.56 | 118.42 | 38.27 (6/1/75) |
| 3 | 20-yr. Red. Deb. & Loans (15) | 50.53 | 13.96 | 50.53 | 50.53 | 50.51 | 50.55 | 50.55 | 50.52 | 50.80 | 47.98 | 52.40 | 46.66 | 113.43 | 37.01 (5/1/75) |
| 4 | Investment Trust Prefs. (15) | 48.88 | 14.16 | 48.88 | 48.86 | 48.66 | 48.57 | 48.37 | 49.51 | [illegible] | 46.53 | 51.32 | 45.49 | 114.41 | 34.45 (1/12/74) |
| 5 | Coml. and Indl. Prefs. (20) | 68.38 | 13.74 | 68.41 | 68.34 | 68.39 | 68.49 | 68.29 | 68.32 | 68.82 | 57.58 | 71.97 | 63.76 | 114.00 | 47.67 (6/1/75) |

Section or Group / Base Date / Base Value: Overseas Traders 31/12/70; Engineering (Heavy) 31/12/71; Engineering (General) 31/12/71; Wines and Spirits 10/1/70; Toys and Games 16/1/70; Office Equipment 16/1/70; Industrial Group 31/12/70; Miscellaneous Financial 31/12/70; Food Manufacturing 29/12/67; Food Retailing 29/12/67; Insurance Brokers 29/12/67; Mining Finance 29/12/67; All Other 10/4/62 [illegible]. † Redemption yield. [illegible]

London, EC4P 4BY, price 13p. By post 20p. A record of the indices, cost £30, is obtainable from FT Business Enterprises [illegible]. It gives all groups and sub-section indices [illegible]. A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, [illegible].

CONSTITUENT CHANGE: London Tin has been deleted from Tins. * Corrected.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1976 high | 1976 low |
|---|---|---|---|---|---|---|
| Nat'l Westminster 'New' | Nil/pd. | 19 | 21* | + 4 | 23* | 15* |
| ICI | £1 | 15 | 330 | − 1 | 402 | 328 |
| BAT's Defd. | 25p | 14 | 207 | — | 225 | 207 |
| Reed Int'l 'New' | Nil/pd. | 12 | 23* | + 2 | 25* | 19* |
| Borthwick (Thos.) | 50p | 10 | 69 | — | 70 | 65 |
| Barclays Bank | £1 | 9 | 255 | — | 330 | 255 |
| Shell Transport | 25p | 9 | 422 | − 2 | 462 | 378 |
| GEC | 25p | 8 | 147 | — | 168 | 142 |
| Distillers | 50p | 7 | 120 | + 1 | 138 | 128 |
| GKN | £1 | 7 | 311 | + 2 | 300 | 266 |
| Midland Bank | £1 | 7 | 257 | + 4 | 320 | 250 |
| RTZ | 25p | 7 | 200 | − 3 | 239 | 178 |
| Thorn Elect. 'A' | 25p | 7 | 228 | + 2 | 288 | 212 |
| BP | £1 | 6 | 575 | — | 685 | 573 |
| Burmah Oil | £1 | 6 | 41 | — | 53 | 31 |

*The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).*
* Premium.

## Option Report—3-month Call Rates

**OPTION DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Aug. 3 | Aug. 16 | Oct. 28 | Nov. 9 |
| Aug. 17 | Aug. 31 | Nov. 11 | Nov. 23 |
| Sep. 1 | Sep. 13 | Nov. 25 | Dec. 7 |

"Calls" were dealt in Rockware, Lex Service, Cons. Gold Fields, Barclays Bank, National Westminster Bank, Triplevest Capital, Town and City, Avon Rubber, Reyrolle Parsons, Amber Day, Burmah Oil, Charterhall Finance and Chaddesley. "Puts" were done in Courtaulds, Dunlop, Venterpost and Thos. Borthwick, while "doubles" were arranged in Town and City, National Westminster Bank Warrants and Capital and Counties.

| Industrials | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Guardian | 16 | Spillers | 4 | Shell | 47 |
| | | G.K.N. | 25 | Tesco | 4 | Ultramar | 14 |
| A. P. Cement | 15 | Hawker Sidd. | 35 | Thorn "A" | 22 | | |
| Assoc. Leisure | 5 | House of Fraser | 8 | Tube Invest. | 27 | Mines | |
| Barclays Bank | 22 | I.C.I. | 20 | Unilever | 38 | Anglo-Amer. | 30 |
| Beecham | 28 | "Imps" | 7 | Utd. Drapery | 8 | Charter Cons. | 15 |
| Boots Drug | 12 | I.C.L. | 14 | Vickers | 15 | Charterh'll Fin. | 4 |
| Bowaters | 16 | Inveresk | 7 | Williams Hud'n | 4 | Cons. Gold | 18 |
| B.A.T. | 30 | Legal & General | 12 | Woolworths | 6 | De Beers Def. | 55 |
| British Leyland | 5 | Ladbroke | 11 | | | F. S. Geduld | 550 |
| BOC Int. | 6½ | Lloyds Bank | 22 | Property | | Grt. Boulder | 12 |
| Burton 'A' | 6½ | "Lots" | 4 | Brit. Land | 4½ | Hampton Areas | 12 |
| Cadburys | 5 | "Mams" | 7 | Cap. Counties | 5 | Hampton Prop. | 4 |
| Courtaulds | 11 | Marks&Spencer | 8 | E. P. | 5 | Hunt | 100 |
| Debenhams | 6 | Midland Bank | 22 | Int. Europ. | 7 | Lonrho | 9 |
| Distillers | 15 | Nat'l West Bank | 20 | Land Securities | 14 | Loraine | 55 |
| Dunlop | 7½ | "Do" Warrants | 8½ | MEPC | 7 | Poseidon | 55 |
| Eagle Star | 11 | P & O Dfd. | 11 | Peachey | 8 | Pres. Steyn | 200 |
| E.M.I. | 17 | Plessey | 7 | Samuel Props. | 4½ | Rio T. Zinc | 17 |
| Gen. Accident | 12 | R.H.M. | 6 | Town & City | 2½ | Welkom | 55 |
| Gen. Electric | 15 | Rank Org. "A" | 16 | | | West Areas | 40 |
| Glaxo | 55 | Reed Int'l | 25 | Oils | | Western M'ng. | 18 |
| Grand Met. | 7 | Rothmans | 4 | Brit. Petroleum | 40 | | |
| G.U.S. "A" | 16 | Slater Walker | 4 | Burmah Oil | 4½ | | |

## NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

**NEW HIGHS (4)**

STORES (1): Lee Cooper
ELECTRICALS (1): Best and May
INDUSTRIALS (1): Royal Sovereign
TRUSTS (1): Selected Risk Inv.

**NEW LOWS (60)**

AMERICANS (2): Cheeseborough, Crown Zellerbach
CANADIANS (1): Seagram
BANKS (2): Bank of Scotland, Clive Discount
BUILDINGS (2): Burt Anderson, Johnson-Richards
CHEMICALS (2): Akzo, Bayer
STORES (1): Home Charm
ELECTRICALS (1): Wigfall (H.)
ENGINEERING (2): British Steam, Cronite
INDUSTRIALS (6): Barlow Rand, Caplan Profile, Fenner (J. H.), Portlsman (B.), Ronnies Cons., Siebe Gorman
MOTORS (1): Nelson (D.)
PROPERTY (1): Sorec
SOUTH AFRICANS (7): Abercom, Assoc. Manganese, Greatermans 'A', Hulett's, S.A. Breweries, Tiger Oats, Unisec
TEXTILES (3): Illingworth Morris 'A', Tern-Consulate, Mackinnon of Scot.
TRUSTS (8): Alliance Trust, Dominion & Gen., Edinburgh Inv. Dfd., Glendevon Inv., London Tst. Defd., Menteith, Northern Secs., Trustee Corpn., M & G Hldgs.
MINES (20): Marievale, Buffelsfontein, Doornfontein, Hartebeest, Libanon, Stilfontein, Zandpan, Loraine, Harmony, Selection Trust, Unisel, Welkom, Anglo Am. Gold, General Mining, Gold Fields SA, New Witwatersrand, Rand Selection, Sentrust, Union Corpn., Gold and Base

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 11 | 3 | 61 |
| Corpns. Dom. and Foreign Bonds | 18 | 4 | 50 |
| Industrials | 224 | 227 | 1,261 |
| Financial and Prop. | 115 | 74 | 384 |
| Oils | 5 | 13 | 19 |
| Plantation | 2 | 2 | 28 |
| Mines | 7 | 63 | 73 |
| Recent Issues | 10 | 7 | 33 |
| Totals | 382 | 395 | 1,899 |

## BASE LENDING RATES

Allied Irish Banks Ltd.
American Express Bank
Anglo-Portuguese Bank
Henry Ansbacher
Banco de Bilbao
Banco de Jerez
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone S.A.
Barclays Bank
Barnett, Christie Ltd.
Bremar Holdings Ltd.
Brit. Bank of Mid. East
■ Brown Shipley
Canada Permanent AFC
Capitol C & C Fin. Ltd.
Cayzer, Bowater Co. Ltd.
Cedar Holdings
■ Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Corinthian Securities
Credit Lyonnais
G. R. Dawes
Duncan Lawrie
English Transcont.
First London Secs.
■ Antony Gibbs
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Hongkong & Shanghai
Industrial Bank of Scot.
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westminster
Northern Comm. Trust
Norwich General Trust
Portman Guaranty
P. S. Refson & Co.
Rossminster Accept'cs.
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd.
Shenley Trust
Standard Chartered
Trade Development Bk.
Twentieth Century Bk.
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

■ Members of the Accepting Houses Committee.
* 7-day deposits [illegible], 1-month deposits [illegible].
† 7-day deposits on sums of £10,000 and under [illegible], up to £25,000 [illegible] and over £25,000 [illegible].
‡ Demand deposits [illegible].
§ Call deposits over £1,000 [illegible].

# MONEY MARKET

## Small assistance

**Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)**

Day-to-day credit was expected to be in good supply in the London money market yesterday but funds were not altogether freely available in the late afternoon and the authorities gave a small amount of assistance by buying Treasury bills from the discount houses. Banks carried forward surplus balances from Monday, and Government disbursements exceeded revenue payments to the Exchequer. On the other hand, there was a net market take-up of Treasury bills, an increase in the note circulation, and repayment was made of the previous day's official advances to the market.

Discount houses paid 10½-10¾ per cent. for secured call loans in the early part and closing balances were taken at 4-8 per cent.

In the interbank market overnight loans opened at 10½-10¾ per cent. and eased to 10¼ per cent. before falling sharply at the close to around 2 per cent.

Rates in the table below are nominal in some cases.

| Aug. 3 1976 | Sterling Certificates of deposit | Interbank | Local Authority deposits* | Local Auth. negotiable bonds | Finance House deposits | Company deposits | Discount market deposits | Treasury Bills ◆ | Eligible Bank Bills ◆ | Fine Trade Bills ◆ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 2-10⅞ | — | — | — | 10⅝-10¾ | 4-10¾ | — | — | — |
| 2 days notice | — | | 10¾-10⅞ | — | — | | | — | — | — |
| 7 days or 7 days notice | — | 10½-10⅞ | 10⅞-11 | — | 11-11½ | — | 10⅝-10¾ | — | — | — |
| One month | 11⅛-10⅞ | 10⅞-11 | 11-11⅛ | 11½-11 | 11⅛-11⅝ | — | 10⅝-10⅞ | [illegible] | [illegible] | [illegible] |
| Two months | 11⅛-11 | 11-11⅛ | — | 11½-11 | 11¼-11¾ | — | 10¾-10⅞ | [illegible] | [illegible] | [illegible] |
| Three months | 11¼-11⅛ | 11⅛-11¼ | 11¼-11⅜ | 11½-11 | 11⅜-11⅞ | — | 10¾ | [illegible] | [illegible] | [illegible] |
| Six months | 11½-11⅜ | 11½-11⅝ | 11⅜-11½ | 11¼-10⅝ | 11⅝-12 | — | — | — | — | — |
| Nine months | 11⅝-11⅝ | 11⅝-11⅞ | — | 11¾-11¼ | 11⅞-12⅛ | — | — | — | — | — |
| One year | 11⅞-11¾ | 11¾-11⅞ | 11½-12⅛ | 12-11½ | 11⅞-12¼ | — | — | — | — | — |
| Two years | — | — | 12¾-13 | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13¼-13½ per cent.; four years 13½-13¾ per cent.; five years 13¾-14 per cent. ◆ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 11 per cent.; four-month trade bills 11⅞-11¾ per cent. Approximate selling rate for one-month Treasury bills 10 17/32 per cent.; two-month [illegible] per cent.; three-month 10 63/64-10 27/32 per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month 10 29/32-10⅞ per cent., and three-month 10 15/16-10⅞ per cent.; one-month trade bills 11⅜-11⅝ per cent.; [illegible] also three months 11⅜-11⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent. from August 1, 1976. Clearing Bank Deposit Rate for small sums of seven days' notice 6¼ per cent. Clearing Bank Base Rate for lending 10½ per cent. Treasury Bill average tender rate of discount 10.8893 per cent.

**CORAL INDEX**
Close 364-369

## INSURANCE BASE RATES

† Atlantic Assurance [illegible]
Cannon Assurance [illegible]
† Address shown under Insurance and Property Bond table.

# AUTHORISED UNIT TRUSTS

### Abbey Unit Tst. Mgrs. Ltd. (a)(g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

| | | | | |
|---|---|---|---|---|
| Abbey Capital | 22.4 | 23.8 | +0.3 | 4.46 |
| Abbey Income | 27.8 | 29.6 | +0.1 | 6.25 |
| Abbey Inv. Tst. Fd. | 24.3 | 25.8 | -0.1 | 4.67 |
| Abbey Gen. Tst. | 33.1 | 35.2 | +0.2 | 4.48 |

### Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Billericay (02774) 53360

| | | | | |
|---|---|---|---|---|
| Allied 1st | 48.7 | 52.0 | +0.3 | 5.45 |
| Brit. Ind. Fund | 47.1 | 50.3 | +0.4 | 6.36 |
| 177 Intnl. July 28 | 28.2 | 30.1 | +0.2 | 5.91 |
| Elect. & Ind. Dev. | 23.4 | 25.0 | +0.2 | 6.16 |
| MetMin. & C'dty. | 32.0 | 34.2 | | 6.05 |
| Allied Capital Tst. | 52.0 | 55.5 | +0.4 | 5.89 |
| High Income | 45.3 | 48.4 | +0.2 | 7.39 |
| Equity Income | 27.6 | 29.5 | +0.1 | 7.66 |
| International | 22.6 | 24.2 | | 2.37 |
| High Yield Fund | 44.1 | 47.1 | -0.2 | 9.98 |
| H. Fund | 77.3 | 82.5 | +0.5 | 6.05 |
| H. Income Fund | 39.8 | 42.5 | +0.2 | 7.64 |
| H. Recovery | 50.4 | 53.8 | -0.1 | 7.20 |
| H. Smaller Co's | 18.1 | 19.4 | -0.2 | 7.32 |
| 2nd Smaller Co's | 24.2 | 25.9 | -0.1 | 7.00 |
| H. Accum. Fund | 83.5 | 89.0 | +0.6 | 5.29 |
| Secs. of America | 49.1 | 52.5 | -0.3 | 2.57 |
| Pacific Fund | 29.0 | 31.0 | | 2.05 |
| O'seas Earnings | 43.2 | 46.1 | +0.4 | 5.16 |
| H. Exempt Aug. 2 | 129.3 | 136.1 | | 7.25 |

### Ansbacher Unit Mgmt. Co. Ltd.
1 Noble St., EC2V 7JH 01-623 4010

| | | | | |
|---|---|---|---|---|
| Inc. Monthly Fund | 125.0 | 125.0 | | 11.00 |

### Arbuthnot Securities Ltd. (a) (c)
21 Laven St., Edinburgh EH3 9LH 031-228 1621

| | | | | |
|---|---|---|---|---|
| Abacus Giants | 29.4 | 31.7 | | 4.09 |

### Bridge Talisman Fd. Mgrs.♥ (a)(c)
3-8, Mincing Lane, E.C.3. 01-623 4951

| | | | | |
|---|---|---|---|---|
| BT Income | 172.0 | 186.0 | -3.0 | 8.46 |
| BT Capital Inc. | 25.2 | 25.9 | | 4.30 |
| BT Capital Acc. | 26.3 | 28.0 | | 4.30 |
| BT Exempt | 82.0 | 88.0 | | 5.68 |
| BT Intl. Inc. | 13.1 | 14.0 | | 3.27 |
| ♦BT Inter'l Acc. | 13.5 | 14.4 | | 3.27 |

Prices on Aug. 2. Next sub. day Aug. 10.

### The British Life Office Ltd.♥ (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

| | | | | |
|---|---|---|---|---|
| BL British Life | 39.1 | 42.4 | -0.1 | 5.85 |
| BL Balanced* | 33.2 | 35.5 | -0.5 | 6.21 |
| BL Capital* | 31.2 | 33.4 | -0.3 | 5.40 |
| BL Dividend* | 33.2 | 35.5 | -0.1 | 7.78 |

*Prices on Aug. 4. Next dealing Aug. 11.

### Brown Shipley & Co. Ltd.♥(x)(c)
Mngrs. Founders Ct., EC2 01-600 8520

| | | | | |
|---|---|---|---|---|
| BS Units* | 146.7 | 157.4 | | 6.20 |
| Do. (Accum.)* | 172.8 | 181.9 | | 6.20 |
| BS Exmpt June 30 | 94.5 | 99.5 | | 4.60 |

Prices on Aug. 2. Next sub. day Aug. 9.

### Canada Life Unit Tst. Mngrs. Ltd.♥
2-6 High St., Potters Bar, Herts. P. Bar 51122

| | | | | |
|---|---|---|---|---|
| Can. Gen Dist. | 28.7 | 30.2 | -0.3 | 4.86 |
| Do. Gen. Accum. | 33.3 | 35.1 | -0.3 | 4.86 |
| Do. Inc. Dist. | 27.0 | 28.4 | +0.2 | 8.79 |
| Do Inc. Accum. | 31.5 | 33.2 | +0.3 | 8.79 |

### Capel (James) Mngt. Ltd.♥
100 Old Broad St., EC2N 1BQ 01-588 6010

| | | | | |
|---|---|---|---|---|
| Capital | 58.2 | 61.3 | -2.7 | 4.28 |
| Income | 52.7 | 55.5 | -2.5 | 7.99 |

Prices on Aug. 4. Next dealing Aug. 18

### Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)

# INSURANCE, PROPERTY, BONDS

# OFFSHORE AND OVERSEAS FUNDS

## REGIONAL MARKETS

# FT SHARE INFORMATION SERVICE

## "BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## "INTERNATIONAL BANK

## "CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS (Miscel.)

## FOREIGN BONDS & RAILS

## AMERICANS

S.E. List Premium 37¼% (based on $1.7870 per £)

Conversion factor 0.7274 (0.7254)

## CANADIANS

S.E. List Premium 37¼% (based on $1.7475 per £)

## BANKS AND HIRE PURCHASE

## Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## BUILDING INDUSTRY—Continued

## CHEMICALS, PLASTICS

## CINEMAS, THEATRES AND TV

## DRAPERY AND STORES

## DRAPERY AND STORES—Continued

## ELECTRICAL AND RADIO

## ENGINEERING, MACHINE TOOLS

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC.

## HOTELS AND CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND



MINES—Continued

FAR WEST RAND

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 710 | 320 | Blyvoor 25c | 340 | −10 | Q75c | ф | 14.3 |
| £24 | 570 | Buffels R1 | 570 | −5 | Q125c | ф | 14.2 |
| 198 | 88 | Deelkraal R0.20 | 90 | −2 | — | — | — |
| 760 | 200 | Doornfontein R1 | 200 | −5 | Q55c | ф | 17.5 |
| 965 | 475 | East Drie R1 | 480 | +5 | Q75c | 1.7 | 10.1 |
| 280 | 135 | Elandsrand Gld 20c | 135 | | — | | |
| 190 | 68 | Elsburg R1 | 70 | −2 | [illegible] | 1.0 | ‡ |
| £16½ | 800 | Hartebeest R1 | 800 | −60 | Q193c | ф | 17.4 |
| 695 | 300 | Kloof Gold R1 | 350 | | Q47c | ф | 8.7 |
| 760 | 240 | Libanon R1 | 240 | −10 | Q80c | ф | 21.6 |
| 740 | 335 | Southvaal 50c | 345 | −5 | Q8c | 1.3 | 1.5 |
| 245 | 123 | Stilfontein 50c | 123 | −1 | [illegible] | 2.2 | ‡ |
| £20½ | 950 | Vaal Reefs 50c | 950 | | [illegible] | 2.1 | ‡ |
| 420 | 90 | Venterspost R1 | 90 | −8 | [illegible] | 1.9 | ‡ |
| £35 | £14½ | W. Drie R1 | £14¼ | −¼ | Q355c | ф | 14.7 |
| 315 | 110 | Western Areas R1 | 110 | −5 | [illegible] | 1.4 | ‡ |
| £15¼ | 570 | Western Deep R2 | 580 | −20 | [illegible] | 1.6 | ‡ |
| 290 | 152 | Zandpan R1 | 152 | −8 | Q31½c | ф | 13.5 |

O.F.S.

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 170 | 70 | Free State Dev. 50c | 70 | −5 | Q9c | ф | 3.6 |
| 950 | 880 | F.S. Geduld 50c | 925 | | [illegible] | 1.3 | ‡ |
| 200 | 57 | F.S. Saaiplaas R1 | 98 | −7 | [illegible] | [illegible] | 4.0 |
| 465 | 275 | Harmony 50c | 275 | −10 | Q65c | ф | 15.7 |
| 195 | 66 | Loraine R1 | 66 | −4 | Q6c | 0.5 | 5.9 |
| £18½ | 900 | Pres. Brand 50c | 925 | −25 | [illegible] | 1.3 | ‡ |
| £13 | 540 | Pres. Steyn 50c | 565 | −15 | [illegible] | 2.2 | ‡ |
| 900 | 880 | St. Helena R1 | 900 | | [illegible] | 1.2 | ‡ |
| 174 | 80 | Unisel | 80 | −5 | — | | |
| 330 | 160 | Welkom 50c | 160 | −5 | [illegible] | 1.7 | ‡ |
| £25½ | £13 | W. Holdings 50c | £13 | −¼ | [illegible] | 1.2 | ‡ |

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 455 | 245 | Northgate C$1 | 315 | | — | — | — |
| 239 | 178 | R.T.Z. | 200 | −3 | 5.42 | 2.1 | 4.2 |
| 112 | 83 | Sabina Inds. C$1 | 92 | +2 | — | — | — |
| £15⅞ | £10 | Tara Expln. $1 | £14½ | −⅛ | — | — | — |
| 45 | 32½ | Tehidy Minerals 10p | 45 | | h1.08 | ф | 3.7 |
| 145 | 84 | Yukon Cons. C$1 | 129 | | — | — | — |

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures: they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ф Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 17

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

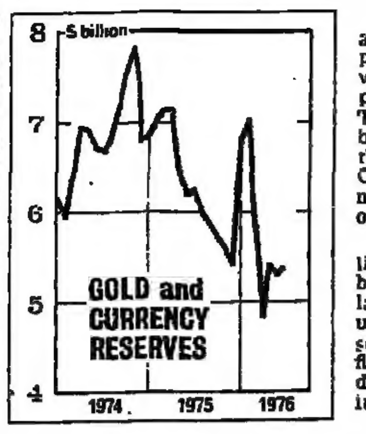
FINANCIAL TIMES
Wednesday August 4 1976



# U.K. did not draw on credits in July

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN MADE no drawings during July on the $3.3bn. central bank standby credits. This emerged yesterday following announcement that the official reserves rose by $58m. last month after foreign currency borrowings of $326m. by the public sector.




The news was quite favourably received by foreign exchange dealers, with little effect on the rate. The pound closed unchanged on the day at $1.7885. There were conflicting reports about possible intervention by the authorities in the forward market ahead of the reserves announcement. Continental markets were quieter than recently, with less pressure on currencies in the "snake."

In the absence of any drawings or repayments of the standby credits during July, or the use of any other swop facilities, the underlying fall in the reserves of $268m. before public sector borrowing confirms that official support for the rate last month was much smaller than at any time between March and June. It is impossible to make any accurate estimate of intervention.

Conditions in the foreign exchange market were generally fairly quiet for sterling throughout July, apart from a brief period in the middle of the month when the pound suffered as the French franc came under pressure. The rate remained steady between $1.77 and $1.79. vF1theforward

News that the standby facilities were not used during July, and hence that drawings have been made only in a period of fewer than 10 days at the end of June, tends to suggest that total drawings so far are much smaller than the figure of $1bn. to $1.5bn. mentioned in some reports. If this is so and continues to be the case, Britain might not be forced to seek a further IMF loan this year.

No decision has yet been made whether to go to the IMF, it was officially stated yesterday. In a Parliamentary answer Mr. Robert Sheldon, the Financial Secretary, said that no meetings between Britain and the IMF are planned at official or ministerial level beyond Mr. Healey's attendance at the IMF annual meeting in Manila in early October.

A decision on whether to seek a further IMF loan this year will presumably have to be made within the next two months. At present all options are open. They include the possibility of borrowing elsewhere, though the raising of a large loan by the Government itself in Euro-markets is not apparently in offing at present.

It is significant that nationalised industries and other public bodies are continuing to raise large sums of foreign currency under the exchange cover scheme, which helps both to finance the current account deficit and to provide support for intervention.

The public sector has been borrowing an average exceeding $500m. a month in this way since the early spring, much larger amounts than last year, and there is no sign of the inflow slackening significantly. This month, for example, $150m. is expected to be received by the National Water Council as the second half of a syndicated loan arranged by the Orion Bank, and the same authority is due to receive $200m. in September as a further tranche of its massive Iranian loan. This borrowing can provide an extra element of flexibility for the Government.

During July public sector borrowing included the first $150m. of the National Water Council loan from the Orion syndicate, $40m. for the Post Office, $50m. for the National Coal Board and $15m. for British Gas.

# Consumers call for more say in State industries

BY JOHN ELLIOTT, MANAGEMENT EDITOR

PROPOSALS to increase sharply the power that consumers can wield over the management of nationalised industries, particularly on prices, are to be considered by Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, as a result of a report published yesterday by the National Consumer Council.

They are contained in a report from the NCC which was commissioned by Mrs. Williams last year, and include the appointment of consumer directors to nationalised industry Boards, increased influence for consumer organisation over pricing and other policies, and strengthened national consumer councils for each of the industries.

Launching the report, which is the first produced by the NCC since it was created by the Government in May last year to identify and represent consumer interests, Mr. Michael Young, its chairman, said: "In the absence of effective competition, monopoly power in the nationalised industries needs to be checked by effective representation on consumer interests in the form of consumer councils." The sort of council which had existed in the past would not do.

Mrs. Williams yesterday welcomed the report and asked to receive comments from interested parties by the end of September. The Government is concerned that nationalised industry consumer organisations should become more independent than in the past, and more attuned to the interests of consumers. Some changes have already been made on the way council members are appointed.

A study that the National Economic Development Office is conducting on the running of nationalised industries and their relationship with the Government will also influence Mrs. Williams's decisions.

There is unlikely to be a decision on the idea of appointing consumer-directors to nationalised Boards until reports on worker directors and industrial democracy in the private sector and in nationalised industries have been produced by the Bullock Inquiry and an internal Whitehall inquiry.

The NCC's report finds that there is widespread consumer dissatisfaction with nationalised industries, particularly over the Post Office, public transport, and rising fuel costs. Existing consumer organisations are not effectively dealing with this.

## Protection

New or revamped national consumer councils should be created for all the industries, including water and air transport. Each should be headed by a £3,000 a year chairman who, with other consumer representatives, should sit on the nationalised industry Board, says the report.

District consumer protection arrangements for gas and electricity would be trimmed (with citizens' advice bureau taking on some consequential extra work), and this would help save enough money for the other changes without increasing the current £1.7m. cost of the councils.

The main weapon the NCC wants the councils to be given is power to force Ministers to go to Parliament for price and other changes in services.

It is suggested that a council should be given two months notice of a proposed change. If the council advised against a change the Minister would then have to obtain Parliamentary approval. The councils would work more closely with Commons select committees and would develop performance targets for their industries.

The proposals are to be discussed at a national consumer congress in Birmingham on September 17 and 18.

A Boardroom role for consumers, Page 13

# THE LEX COLUMN

# The Bank takes control

It is tempting to speculate whether the proposed system of licensing and supervision of deposit taking institutions could have prevented the fringe banking crisis. The proposals are clearly aimed at bringing the wayward fringe banks firmly under the Bank of England's wing. If enacted earlier, the new system of licensing, related with the examination of appropriate balance sheet ratios and assessment of degrees of risk associated with various assets, could conceivably have prevented the excesses of 1973-74 by forbidding certain enterprises from ever opening. But it is still unclear how closely the bank plans to monitor institutions once they are in business taking deposits.

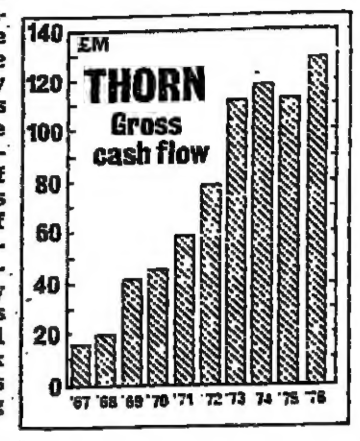
The Government describes its proposals as very much a white paper "with green edges". Decisions on what sort of "prudential criteria" will be applied to the recognised banks and the other deposit taking institutions have not yet been taken.

The Bank of England is being rather coy about it all. Its view (set down in last September's Bulletin) is that no single set of ratios, whether they are uniform across groups of similar institutions or tailored to the business of individual banks, is sufficient to ensure solvency in a complex modern financial system. However it does concede that it should be able to develop "broad numerical yardsticks" for different groups of banks over time, but so far it has given no inkling what these are.

On the question of capital adequacy, the Bank argues that whilst the capital/deposits ratio is relevant a more effective measure is capital resources in relation to the risks in different classes of assets, which it defines as forced sale risks, credit risks or forced sale and credit risks like CDs. It attributes considerable priority to the role of earnings in this context. The Bank is taking a similar flexible line on the subject of liquidity, which is another area which will probably be covered by the prudential criteria.

The other area still open for discussion is the question of deposit protection, and here the authorities are likely to meet with concerted opposition from the clearing banks. Apart from the cost aspect, it raises certain philosophical issues. To what extent, for instance, should the authorities rely on market forces to police the financial system and to what extent should they build safety-nets?

**Index rose 1.3 to 368.4**




The actual form of the deposit protection fund is still unclear. It could follow the U.S. system where the Federal Deposit Insurance Corporation insures all deposits up to $40,000 and charges 0.042 per cent. of a bank's deposits in return. Alternatively it could consist of a quota system, based on a commitment by banks to subscribe cash when a bank failure occurs. Whatever the outcome the clearing banks can be forgiven for feeling that they are subsidising their smaller competitors.

## Thorn

Sir Jules Thorn's last statement as chairman of the company he built concludes with a forecast of profits growth in the current year, and the promise of an ambitious investment programme which can be financed "for some time to come" out of existing resources. The balance sheet is a striking testimony to his achievement. Shareholders' funds amount to £218m., without taking into account deferred tax which has almost doubled in the last two years to £104m. Net bank debt has fallen by £17m. to £45m., and loan capital is £7m. lower at just £30m.

The main explanation for the improved liquidity is the fact that net working capital only rose by 3 per cent. in a year when sales were 18 per cent. higher, and these ratios are continuing to improve. Capital investment is continuing at a high rate—Thorn has spent £202m. on fixed assets and rental TV sets in the last two year which compares with a curre book value for these two ite of £253m., and a market capit isation of £305m. for the enti group. And it expects that cu rent debt levels will be broad maintained through the curre year.

On the trading front, demar for lighting fixtures is no showing a modest revival aft 18 months of recession, and th rental business in the U.K. moving into a phase of risi profit flows. But the ma source of extra profits this ye lies in the rental compani overseas which are now comi out of the development sta and heading for sharply high returns. Against this bac ground, the yield of just ov 4 per cent. remains the one b constraint for the shares 228p.

See also Page 17

## Hogg Robinson

Hogg Robinson's 1975-76 pe formance—profits up 26 p cent. to £5.9m. before tax— moderately disappointing. B the news of a rights issue, a lowing Hogg to lift its n dividend by a full 63 per cen in the current year, was a adequate counter balance f the shares yesterday. They ro 7p to 153p where the yield the ex rights price is 6.1 p cent. and a point above the i surance brokers historic ave age.

Brokerage has risen sharp over the year, but the expen ratio has kept firmly in st and the overall performance h been helped by an upturn i underwriting commission These will almost certain decline this year, and in 1976-7 the tax charge is likely to be bit higher too. Still the grou has always been rated as a fairl middle of the road broker cu rently on a p/e of around 1 and the trading backgrou remains buoyant. Sterling sho no signs of recovering and bu ness continues to flow in fro the U.S. where capacity pro lems are as prevalent as ever

The £3m. rights cash is bein used to purchase the head offi freehold: Hogg otherwise face a rent review in 1978—after years—that could have cost a extra £0.3m. per annum. Mea while the issue is adding a eighth to the equity base, ear ings dilution is modest and th 1976-77 dividend is alrea covered 2.7 times by earnings

See also Page 17

# Godley pessimistic about medium-term prospects

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STRONG SUPPORT for the Government's July measures, coupled with a "deeply pessimistic" view about the medium-term economic prospects comes this morning from Mr. Wynne Godley, the influential Cambridge economist.

In his latest contribution to the regular economic review published by Vickers da Costa, the stockbroker, he forecasts that the large deterioration in the balance of payments apparent in the last three months will continue to the end of 1976-77.

Mr. Godley, who is director of the department of applied economics at Cambridge, welcomes the package as generally well devised.

But the measures do not start to take effect until the start of 1977-78, and he thinks there must be considerable concern about what happens between now and then. He says that very little of the recent worsening in the trade figures can be attributed to an adverse movement in the terms of trade (the ratio between export and import prices).

He believes that once time lags on import prices (caused by long-term contracts) work through, there will be a quite marked deterioration in the terms of trade (probably at least 5 per cent.) which could cause the current account deficit to rise by well over £1bn. at an annual rate.

In the medium-term he cannot share Mr. Healey's optimism that Britain is in for a sustained period of export-led growth, "at least, without a further major change in policy."

Treasury forecasts take a very different view of the balance of payments than that of Mr. Godley and his colleagues in the "New Cambridge" school. The argument turns in particular on the quantity of imports drawn into Britain as the economy grows.

## Different

The Cambridge analysis is based principally on what happened in recent economic cycles. The official view is that the current recovery differs from the others in that it does not involve a large stimulation of the domestic economy and personal consumption, drawing in imports, but so far is being led by exports.

Mr. Michael Posner, the Treasury's deputy chief economic adviser, told the Expenditure Committee last week, that the official forecasts indicated faster growth in the volume of exports than of imports, both now and in the future.

Mr. Godley has again raised the issue of possible protective measures against imports (though no substitute for fiscal restriction) in view of the Government's reluctance to accept a devalution, large enough to reduce unemployment below 1m. in 1980 without an unacceptable trade deficit.

His analysis leads him to the "deeply pessimistic" conclusions that although the short-term indications are favourable in the very limited sense that orders and output are rising, and that a big step has been taken towards putting the public sector accounts in order, there are now grounds for supposing that the progressive depression which has been developing over the last 20 years is entering a further and more serious epoch, and that there is nothing in the past or present to lead us to expect regeneration. Moreover, the depression is likely to be accompanied by a reacceleration of inflation.

Despite these gloomy predictions, Mr. Godley is looking for a significant advance in world stock markets over the next year, in which the U.K. will probably share, because of a rise in cash profits and a continuing undervaluation of assets.

# Leyland management bid to calm dispute

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

THE MANAGEMENT of Leyland Cars moved swiftly yesterdty to try to calm an increasingly bitter inter-union and inter-departmental dispute at Jaguar Cars, Coventry.

The dispute, over the refusal of 80 press shop employees to work with nine others who have left the Transport union and joined the Engineering union, has cost Leyland Cars more than 900 Jaguars valued at well over £5m.

More than 5,000 men are laid off. A meeting has been set up to-day between unions officials, chief shop stewards of the two unions involved, and management.

The offer by Mr. Len Murray, TUC general secretary, to have the matter put before the TUC *disputes committee was turned* down by the Transport and General Workers Union on the grounds that the nine were still members of the union and there was therefore no question of a change of membership.

The Amalgamated Union of Engineering Workers agreed to meet the TGWU to try to resolve the matter, but to-day's meeting has been arranged through the initiative of the company, which has previously refused to intervene in what at first sight seemed an inter-union squabble.

The meeting is expected to produce a formula to get the press shop back to work.

But another grievance could easily erupt—the decision by Mr. Derek Whittaker, Leyland Cars managing director, to site a new £24m. paint plant at Castle Bromwich, Birmingham, where Jaguar bodies are made.

The decision has raised fears among Jaguar employees that assembly at Coventry will eventually be moved to Castle Bromwich. Company assurances have done little to remove doubts. There will be a mass meeting on Friday.

Leyland Cars is also faced with a continuation of the strike by 400 engine workers at the Triumph factory over the dismissal of two men for timekeeping offences. This has not yet affected final assembly.

The Rover-Triumph management is also being confronted by 350 storemen seeking staff status. It is deciding whether to accept an offer by the TGWU, the majority union, to put the matter before the independent Advisory, Conciliation and Arbitration Service.

Leyland overtime ban called off, Page 10

# AEI Scientific deal under discussion

BY MARGARET REID

KRATOS, a U.S. electronics company has reached an advanced stage in negotiations to buy GEC's instrument subsidiary, AEI Scientific Apparatus.

There has been considerable uncertainty about the future of AEI Scientific, a Manchester company employing 500 people. The company has incurred losses and GEC is not willing to let it continue indefinitely in its present form.

If the deal goes through Kratos, a modest-sized company based in San Diego, California, should complete the purchase of AEI Scientific by the end of the month.

Kratos, which earlier this year acquired Instem, of Stone, Staffordshire, an electronics concern formerly controlled by Industrial and Commercial Finance Corporation, is understood to intend to continue the AEI Scientific business and expand it.

Its exact plans will be of acute interest to the workforce, whose representatives recently appealed to Mr. Alan Williams, Minister for Industry, for help in finding a job-saving solution.

Kratos makes instruments, computer graphics displays, industrial automation systems and computer laboratory data systems.

It regards its products and technology as complementary to those of AEI Scientific, which makes mass spectrometers, electron microscopes, data acquisition and analysis systems, electron spectrometers and vacuum products.

AEI Scientific, which has considerable sales in the U.S., where it has a subsidiary, has been suffering from a shortage of orders.

Should Kratos take it over, the link could provide an opportunity for both concerns to increase sales and use of technology in the U.S. and other markets.

Concern over AEI Scientific's future has been growing since the recent decision by the State-backed Cambridge Instrument not to proceed with a bid for the company.

# Shipping group will drop package tours

By Arthur Sandles

**BRITISH and Commonwealth Shipping is leaving the package tour business after suffering substantial losses. Talks are taking place "which could lead to the integration of future trading of Castle Holidays with another leading tour operator" it was stated last night.**

**Castle's guarantee to hold its brochure prices for this year, regardless of what happened to the pound, appears to have proved expensive.**

**British and Commonwealth's chairman, Sir Nicholas Cayzer, said recently in his annual review that Castle Holidays had been "a constant source of worry." Last year it had been decided to extend activities.**

**"A falling value for the pound, the uncertainty of employment, excellent weather at home, and political disturbances in Spain, mean that the decision will not be justified and the results cannot be other than bad."**

## Delayed

**Sir Nicholas made it quite clear that the company's policy would be to "discard the losers before they do any serious harm."**

**Even before Sir Nicholas' comments there had been considerable speculation about Castle's future. The company has delayed publication of its winter programme, although within the trade it is thought that brochures have been printed.**

**● Nearly all the customers who lost money in the Court Line (Clarksons) collapse two years ago have now received refunds through the Air Travel Reserve Fund Agency. About £6m. was involved. Only a few claims are outstanding, mostly involving difficulties such as lost documents.**

Continued from Page 1

# Teenage jobs package

of working life in offices or factories, at an estimated cost of £19m., of which half might be offset by saving on unemployment and supplementary benefit.

The "wages" paid by the commission could be a few pounds more than the training allowance of about £15 a week. Employers would have to promise not to cut on their normal intake of trainees. Trade unions locally would have to agree. The scheme could start in September and run for a year.

The present £5 a week recruitment subsidy for school-leavers will become a £10-a-week youth employment subsidy from the end of September, paid for up to six months to employers recruiting people under 20 who have been unemployed for at least six months. The scheme will end on March 31 next year.

This subsidy could help another 30,000 young unemployed at a cost of £5.4m. for the six months. The present subsidy is for school-leavers only, of which it has helped 29,000.

Thirdly, the Manpower Services Commission is to take on another 3,000 young people "below skilled level" for training this year within its existing budget.

Continued from Page 1

# Protection plan

Bank that their management is "honest, trustworthy and suitably qualified to undertake the kind of business which they intend to conduct."

The Bank will also have power to grant a new statutory recognition as a bank. This will exempt the institutions covered from the licensing provisions, but will be given only on "exacting criteria."

This provision is expected to cover most of the institutions at present in the "primary banking sector"—the clearing banks, accepting houses, authorised banks and others which have established supervisory arrangements with the Bank.

These recognised banks—totalling more than 300—will be allowed to use the word bank in their name and describe themselves as banks.

The licensed deposit-taking institutions will not.

There will be a right of appeal to the Treasury on refusal or revocation of licence or recognition as a bank.

The most controversial part of the proposals lies in the deposit protection fund, which the Government sees as an added safeguard against the possibility of institutions getting into trouble. It is planned to cover sterling deposits up to £10,000 with all licensed deposit-takers and recognised banks. Details of this arrangement have yet to be settled.

The reservations of the big banks were expressed by Mr. John Montgomery, chief general manager of Lloyds and chairman of the chief executive officers' committee of the London clearing banks, and echoed by other bankers.

They said that the scheme would encourage people to make deposits with smaller and more risky institutions which might offer higher interest rates. It was also felt that the scheme should be superfluous if the new supervisory arrangements succeeded, and that it might be seen as a sign of weakness abroad.

The general proposals were welcomed as inevitable and in some respects long overdue. The central role given to the Bank of England (though with general accountability to Parliament) was felt to be encouraging.

The White Paper also said that large areas of the proposed legislation were still open to detailed discussion, including the details of the deposit protection fund (which may provide less than 100 per cent. protection) and the prudential and other ratios to be applied.

The controls would still leave room for the traditionally flexible approach of the Bank.

## Weather

### U.K. TO-DAY

BRIGHT, scattered rain.

**London, S.E., Cent. S. England, Channel Is., S.W. England**
Cloudy, rain possible in some places. Max. 20C (68F).

**E., W. Midlands, Cent. N. England**
Mainly dry with bright or sunny spells. Max. 20C (68F).

**E. Anglia, E. England, Wales, N. England, Lakes, I. of Man, Borders, S.W. Scotland, Orkney, Shetland, N. Ireland**
Bright or sunny intervals with scattered showers chiefly in coastal areas. Max. 16C (61F) N. 20C (68F) S.

**Outlook:** Cloudy, some rain in N. England at first.

**Lighting-up:** London 21.13, Manchester 21.30, Glasgow 21.48, Belfast 21.50.

### BUSINESS CENTRES

| | | Y'day Mid-day °C | °F | | | Y'day Mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Alexandria | S | 30 | 86 | Madrid | S | 29 | 84 |
| Amsterdm. | C | 17 | 63 | Manchstr. | R | 15 | 59 |
| Athens | S | 31 | 88 | Melbourne | R | 9 | 48 |
| Barcelona | S | 26 | 79 | Milan | S | 24 | 75 |
| Belfast | F | 16 | 61 | Montreal | S | 20 | 68 |
| Belgrade | S | 23 | 74 | Moscow | S | 25 | 77 |
| Berlin | C | 17 | 63 | Munich | F | 21 | 70 |
| Birmghm. | C | 18 | 64 | Newcastle | C | 16 | 61 |
| Bristol | C | 19 | 66 | Oslo | F | 16 | 61 |
| Brussels | C | 19 | 66 | Paris | F | 22 | 72 |
| Budapest | F | 22 | 72 | Perth | F | 21 | 70 |
| B. Aires | C | 17 | 35 | Prague | C | 18 | 64 |
| Cairo | S | 33 | 91 | Reykjavik | C | 12 | 54 |
| Cardiff | C | 18 | 64 | Rio de J'o | S | 24 | 75 |
| Cologne | C | 20 | 68 | Rome | F | 27 | 81 |
| Copnhagn. | F | 18 | 64 | Singapore | S | 30 | 86 |
| Dublin | C | 17 | 63 | Stockholm | C | 17 | 63 |
| Edinburgh | C | 15 | 59 | Strasbourg | F | 23 | 73 |
| Frankfurt | C | 21 | 70 | Sydney | F | 17 | 63 |
| Geneva | S | 23 | 73 | Tehran | S | 35 | 95 |
| Glasgow | C | 15 | 59 | Tel Aviv | F | 28 | 82 |
| Helsinki | F | 18 | 64 | Tokyo | R | 26 | 79 |
| Hong Kg. | C | 28 | 82 | Toronto | S | 20 | 68 |
| Jo'burg | S | 18 | 64 | Vienna | S | 22 | 72 |
| Lisbon | S | 30 | 86 | Warsaw | C | 16 | 61 |
| London | C | 20 | 68 | Zurich | F | 21 | 70 |
| Luxembrg. | F | 18 | 64 | | | | |

### HOLIDAY RESORTS

| | | Y'day Mid-day °C | °F | | | Y'day Mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 25 | 77 | Jersey | C | 19 | 66 |
| Algiers | S | 27 | 81 | Las Plms. | S | 27 | 81 |
| Biarritz | S | 29 | 84 | Locarno | S | 25 | 77 |
| Blackpool | S | 17 | 63 | Majorca | S | 28 | 82 |
| Bordeaux | S | 28 | 82 | Malaga | S | 28 | 82 |
| Boulogne | F | 19 | 66 | Malta | F | 25 | 77 |
| Casablnca. | S | 26 | 79 | Nairobi | C | 22 | 72 |
| Cape Tn. | S | 12 | 53 | Naples | S | 25 | 78 |
| Corfu | S | 29 | 84 | Nice | S | 24 | 75 |
| Dubrovnik | S | 24 | 75 | Oporto | S | 25 | 77 |
| Faro | S | 29 | 84 | Rhodes | S | 29 | 84 |
| Florence | S | 27 | 81 | Salzburg | S | 21 | 70 |
| Gibraltar | S | 25 | 77 | Tangier | S | 30 | 86 |
| Guernsey | C | 18 | 64 | Tenerife | S | 23 | 73 |
| Innsbruck | F | 22 | 72 | Tunis | S | 28 | 82 |
| Inverness | F | 16 | 61 | Valencia | F | 23 | 73 |
| Is. of Man | S | 16 | 61 | Venice | F | 24 | 75 |
| Istanbul | R | 21 | 70 | | | | |

C—Cloudy. F—Fair. R—Rain. S—Sunny.



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